

ALASKA LEGISLATURE COMMITTEE FILES 1987-88 8672

4464 HCRA HB 159 (FILE 2) - HB 159 (FILE 3)

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(FILE 2) -

INTERIM

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION

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PHONE: (907) 443-5457

December 10, 1987

DEC 11 1987
orig. Jm

Dr. David Harrison
House CRA Committee
P.O. Box V
Juneau, AK 99811

Dear Dr. *David* Harrison:

In our meeting on December 9, 1987, two questions arose which were not resolved during the course of the meeting. The first question dealt with a concern voiced by Scott Burgess who wanted to explore some means of providing a greater assurance that municipalities would not be obligated under this concept to pay more than 25% of the total cost of the program if it were not fully funded. Scott, Bob Pavitt and I discussed the issue after the meeting, but were not able to develop an alternative solution which was more acceptable to all parties than the proposal on the table. I asked Scott and Bob to give us a call if they were able to come up with a possible solution not yet explored by the group. That invitation is extended as well to anyone in the group who might think of new ideas to resolve the problem. As it stands now, the concept discussed in our December 9 meeting will be forwarded to the Department of Law unchanged.

The second question related to the timing of application for the exemption and how it might impact municipal budgeting or program funding by the Legislature. We do not see a timing problem with any portion of the proposed language except for Section 11, which would allow the concept to become effective immediately. If the proposal were to become law, our office would have to promulgate regulations for its administration, design and print new application forms, and coordinate activities for its operation with municipalities, all of which would take several months. In addition, if it were signed into law in 1988, with an immediate effective date, Seniors and Disabled Veterans would have to reapply for the exemption during the same year; a situation which would cause confusion and problems for applicants and for municipal governments alike.

Dr. David Harrison
December 10, 1987
Page Two

For the above reasons, we decided to change the effective date in Section 11 to January 1, 1989. Clearly, as a result of that change, the program will continue to operate for 1988 in the same way it did during 1987 (along with its attendant problems).

If you have questions in regard to these comments, or if you have additional suggestions or comments on this issue, please contact our office.

Sincerely,



Michael W. Worley
State Assessor

MW/lp/1781S



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

MEMORANDUM

To: All HCRA Members

From: Representative Henry Springer, Chairman
HCRA *HS*

Date: November 3, 1987

Subject: HB 159, DCRA Work Group Meeting

There will be an informal meeting of the Department of Community and Regional Affairs HB 159 Work Group on Wednesday, December 9, 1987, at 9:00 a.m. to review the State Assessor's proposed bill language (HB 159). The basic group will be meeting in Juneau, Room 603, Court Building. Representative Ellis' office in Anchorage (Suite 455) will be listening in on the meeting. Please feel free to attend or send a staff member. You may contact my office (465-3789) if you need further information, or contact Deborah Bonito at Representative Ellis' office (561-7628), regarding Anchorage particulars.

cc: Representative Ellis
Mike Worley, State Assessor, DCRA
Jim Plasman, Deputy Director, DCRA

STATE OF ALASKA

VE COWPER, GOVERNOR

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DEPT. OF COMMUNITY & REGIONAL AFFAIRS

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December 7, 1987

Dr. David Harrison
House CRA Committee
P.O. Box V
Juneau, AK 99811

Dear Dr. Harrison:

RE: HB 159 WORKING GROUP

Enclosed is a copy of the proposed substitute language to HB 159 we will be discussing at the 9:00 a.m. Wednesday (12/9/87) meeting of the working group. The meeting will be in room 603 in the Court building and will be teleconferenced to the Anchorage Legislative Information Office by request of Representative Ellis.

We are looking forward to your responses on the enclosed draft language. If you have any questions or if we can be of further assistance do not hesitate to call on us.

Sincerely,



Michael W. Worley
State Assessor

Enclosure

MWW/PB/lmp/1766S



Alaska State Legislature


House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

December 2, 1987

TO: Rep. Henry Springer, Chairman HCRA

FROM: David C. Harrison, P.A., HCRA 

Re: HB 159 An Act...exemptions, deferments and payments relating to property taxes and effective date.

Chapter 118 SLA 72 refers to Alaska's Senior Citizen Property Tax Relief Programs. It is establish public policy to provide assistance through exemptions, deferments and payments on property tax.

Historically, the 1935 Social Security Act set in motion that a recognized need existed whereby the older citizen would and should be assisted because:

1. Economic conditions changed upon retirement.
2. Health care costs increase with age.
3. Need for social services to maintain continued independence increase with age.
4. It is sound public policy for the state to help ensure that older persons live their declining years with independence and dignity.
5. That older people can continue to provide leadership and assist the state and the nation in their continued participation in the economic and social activities.

Although many states provide in various ways assistance to the elderly, Alaska is unique in that the "Pioneer Home" concept provides for older people that choose to live in a Pioneer Home. The legislature in its wisdom in 1972 provided additional means to assist older persons in Alaska.

Since it is public policy to provide for the elderly in property tax exemptions, deferments, etc., it is recommended that the funding program be decided early in the 1988 session.

It is not sound public policy to keep older persons in suspense over tax obligations that threaten their sense of security and wellbeing. It is sound public policy to assure municipalities that appropriate sufficient funding for this program will be taken care of early in the 1988 session.

With revenues of the state stabilized over the past year, there is no doubt that the state can and should meet its fiscal obligation to municipalities that benefit older persons.

Alaska State Legislature

DEC 1987

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SENATOR
ARLISS STURGULEWSKI

Chairman, Senate Community and Regional Affairs Committee
Vice-Chairman, Senate Judiciary Committee
Member, Senate Resources Committee

2957 SHELDON JACKSON STREET
ANCHORAGE, ALASKA 99503

White in Juneau
P. O. BOX 1
JUNEAU, ALASKA 99801
(907) 465-3818

Senate

MEMORANDUM

November 20, 1987

TO: All Legislators

FROM: Senator Arliss Sturgulewski, ^{AS} Chairman
Community and Regional Affairs Committee
Special Committee on Local and Regional Economic Opportunity

RE: Forum Article

The boom and bust economic conditions that have plagued Alaska requires that we address state fiscal policy issues during the coming session. Informed public debate is essential in reaching acceptable solutions regarding these complex issues.

I wrote the enclosed forum article with the hope that it will stimulate public discussion. I would welcome your comments on the article.

Enclosure

Legislator proposes a plan to attack economic ills

By SEN. ARLISS STURGULEWSKI

Of all of the economic booms and busts Alaska has experienced, this bust is affecting more of us more severely than any other. Consequently, it's time for the legislature to address fiscal policy issues so that future booms and busts won't affect us so dramatically. During the coming session, we must create some long overdue financial tools.

Billions of dollars rolled into state coffers from the most recent oil boom and then rolled right out again. We spent money on experiments in agriculture, in renewable resource development, in housing, in industrial development, and on quality of life improvements.

There's no denying there were some resounding successes and some equally resounding failures. Our successes have been in areas in which government should be successful. We spent money on school programs and have a good school system statewide.

We improved the health of our citizens through water and sewer projects and through grants to health care providers.

Some successes were cooperative efforts with the private sector. Alaska Industrial Development Authority funded projects that were able to stand on their own merits. The partnerships formed by the Alaska Seafood Marketing Institute with the fishing industry and by the Division of Tourism with the visitor industry paid off in expanded markets for our fish and a steadily increasing stream of visitors to Alaska.

Experiments in which we attempted to directly accelerate pri-

ivate development were less successful, however. The Alaska Renewable Resources Corporation only lasted a few years. Agriculture is badly limping and the effort to start a red meat industry was far from successful.

It has become increasingly clear that the private sector must be on its toes to find the competitive and profitable edge and that government's role is to assist through reasonable regulation, responsible resource management and the elimination of roadblocks.

More specifically:

• Now is the time to devise a spending limit that works. The current constitutional spending limit bears absolutely no relationship to the amount of our annual budgets. The constitutional spending limit must be rewritten to tie it to the prior year's budget, and also outline how to dispose of excess revenue when we have it.

• Excess revenue should be at least partially dedicated to a constitutionally mandated budget reserve fund. Rather than frantically casting about for dollars just to keep the state running when revenues plummet as they did in 1985, we will know there is a source of funds for basic costs of government.

• It is critical that we devise and adopt criteria for the funding of capital projects. Life, health, and safety projects should be first in line for funding. Education and transportation both are the responsibility of government and should be funded based on need. Projects that will lead to real economic development should receive priority. Included in the criteria for all of the above must be operations and maintenance costs and a maintenance plan.

• Although it may seem like closing the barn door after the horse has run away, we need to set standards of accountability for municipal grants, and for grants to non-profit corporations that deliver government services.

• School capital funding has turned into a monster. With the promise of 80 percent reimbursement by the state, municipalities sold \$300 million worth of bonds in one recent year. The debt service on those bonds has become a burden on the state and a source of anxiety for municipalities as they watch to see if the state will budget for the full entitlement. The state should fund for basic schools; extras should be paid for by communities.

• The Alaska Permanent Fund is an excellent counter-cyclical tool for us. It has meant the maintenance of our excellent credit rating in the face of a down economy. It also means that we have a source of income about which the legislature needs to make some decisions — and then go to the voters to confirm those decisions. I personally support using the income of the fund for continuation of the dividends, inflation-proofing, and partial funding for a constitutionally established budget reserve fund.

These are all decisions that can and must be made now. Without the proper tools in place, the next boom could find us allowing history to repeat itself. We can do better.

□ Sen. Arliss Sturgulewski is chairman of the Senate Community and Regional Affairs Committee and the Senate Special Committee on Local and Regional Economic Opportunity.



STATE OF ALASKA

STEVE COWPER, GOVERNOR

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MUNICIPAL & REGIONAL ASSISTANCE DIVISION

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November 20, 1987

Dr. David Harrison
House CRA Committee
P.O. Box V
Juneau, AK 99811

Dear Dr. *David* Harrison:

There is good news.

During the Alaska Municipal League (AML) Conference in Anchorage last week, our office, working together with the Alaska Association of Assessing Officers, was successful in amending the AML Policy Statement. The amendment provides the latitude for the league's designee to discuss more freely with the HB159 working group possible solutions to the problems surrounding the senior citizen/disabled veteran property tax relief programs. The amendment reads as follows:

The League supports a reasonable and equitable solution which would substantially diminish the current fiscal impact to municipalities caused by the operation of the senior citizen/disabled veterans property tax exemption program.

I spoke with Scott Burgess today; he told me he believed the direction the working group has taken is a reasonable one. Scott agreed with the remainder of the group that we should pursue drafting proposed bill language incorporating the concept which has been generally agreed upon by the group.

Enclosed, for your information, is a copy of comments from Gary Lewis, Borough Assessor for Mat-Su Borough. We would appreciate your reviewing his comments before the December meeting and offering your views in regard to them at that time.

Dr. David Harrison
November 20, 1987
Page 2

When we complete the first draft of the proposed bill language, we will forward a copy to you and set the date for the December meeting. Meanwhile, please feel free to call on us if we can be of assistance to you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mike".

Michael W. Worley
State Assessor

Enclosures

cc: Gary Lewis

MWW/lp/1762S

Miko Worley

DEC 2 - 1987
from Council



Matanuska-Susitna Borough

BOX B, PALMER, ALASKA 99645 • PHONE 745-9642
DEPARTMENT OF ASSESSMENT

November 6, 1987

David Hoffman, Commissioner
Dept. of Community & Regional Affairs
P. O. Box B
Juneau, Alaska 99811

Dear Commissioner Hoffman:

Subject: Senior Citizen/Disabled Veteran Property Tax
Relief Program

I understand you have appointed a committee to review and suggest revision of this program and therefore have attached ideas which may be of interest.

This concept will be presented to the Alaska Association of Assessing Officers in conjunction with the AML Conference on the early afternoon of Tuesday, November 10th. If available I would certainly offer invitation to attend. We will be meeting in the Whitbey Room of the Hotel Captain Cook.

Sincerely,

Gary A. Lewis
Borough Assessor

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Enclosure

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COMMUNITY & REGIONAL AFFAIRS



Matanuska-Susitna Borough

BOX B. PALMER, ALASKA 99645 • PHONE 745-9642

DEPARTMENT OF ASSESSMENT

SENIOR CITIZEN-DISABLED VET TAX RELIEF PROGRAM

After pondering proposed regulations for the Senior Citizen/Disabled Veteran Tax Relief Program, it is apparent that some fresh thinking go into structuring of the whole program to accomplish what is in the public interest and define what the state can afford in providing these benefits. The need to do this stems from changes in reimbursement policy by the legislature, financial burden on local municipalities and need to assure adequate protection of the abode of the Senior Citizen/Disabled Veteran.

Objectives:

To Encourage Senior Citizens to retire in the State by:

1. Providing a level of tax relief for Seniors and Disabled Veterans.
2. Assuring protection from loss of abode due to operation of Property Tax Law

To provide a level of tax relief is contained in the current statute as the \$150,000 limit. This limit is more or less a conspicuous level of housing in different communities of the State but, assuming reluctance to calculate local average residential value or some other norm, it is acceptable.

The assurance of residential protection has taken us far afield of purpose of the program, into areas of income, hardship, extreme hardship and increased administrative burden to assess income at the local level. The objections to this income approach are equally shared by local assessors and applicants who must bare personal financial information for bureaucratic or, as has been proposed, public evaluation.

If the object is protection, what are we protecting from? It would follow to look at statutes pertaining to foreclosure. AS29.45.320 rewrite to include exception of SC-DV program qualified applicants is relatively simple.

Amend Sec. 29.45.320

Add (c) A municipality may by ordinance postpone foreclosure and extend redemption period for real property qualified for exemption under AS29.45.030(e).

An option not to proceed with foreclosure should be upon action of the governing body and strictly construed as to this program. Current law does not provide option in pursuing foreclosure.

This is a novel approach to the problems in the program until one analyzes what it accomplishes:

1. State and/or local cost of the program is limited to \$150,000 per qualified property. I would suggest further limitation to the "primary place of abode and attached legally described parcel of land."
2. Without necessity to create a lien (taxes are already a lien) the local decision not to foreclose is an extension of the Redemption Period AS29.45.400. This allows accrual of taxes until time redeemed. Taxes which would accrue are only amounts in excess of the tax on the first \$150,000 of value.
3. Redemption is the same as for any other property. Tax lien must be satisfied to change title.
4. Hardship and extreme hardship are left to the discretion and private decision of the Senior Citizen or Disabled Veteran. The assessor could be brought into this process through some application which would assure that the results of the election to accrue taxes in excess of the \$150,000 limit were known and understood. This additional application, or notice, would be controlling as regards foreclosure postponement.
5. It is unnecessary for anyone to argue their financial condition to the bureaucracy or a public body.
6. Local governments are not burdened with additional specialized staff to analyze and verify reported income.
7. Local Governments are not forced into position of abating taxes after they are levied. There is no statutory authority for anyone to do this. Collection of taxes is not optional once levied.
8. We can rephrase the program to concentrate on use of the property by the applicant not characteristics of the owner. Real property taxes are a lien against property, not against individuals (AS29.45.300(b)).
9. The program will target relief where intended and provide reasonable forecast of program costs.

Finally, consideration must be given to how the cost of a revised program is shared. It is easy to see that present and future owners of the property have the burden of accrued taxes in excess of the \$150,000 limit. How the cost of exemption of tax amounts under the \$150,000 limit are shared by the state and other local taxpayers should include consideration of local administrative costs of the program and the fact that municipalities will be accruing uncollectible tax revenue in the current year on values over the \$150,000

limit. Delay in receipt of budgeted revenues may be significant. To many in the state, if participation is to be mandatory, they feel full funding by the state should be required (AML 1987 Policy Statement) or the program repealed entirely.

Another suggested area of revision involves residency requirements. In these times of exodus from Alaska, it is difficult to deal with the generalities of residency contained in 19AA035.120(5). Residency requirements for this program should be reviewed and revised to conform to the Longevity Bonus Program and the Permanent Fund Dividend Program. See AS47.45 and AS43.23. One applicant answered "Yes, I intend to return to submit next year's application."

Gary A. Lewis, Assessor
Matanuska-Susitna Borough

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION

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Enclosures

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MWW/lp/1762S

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Matanuska-Susitna Borough

BOX B, PALMER, ALASKA 99645 • PHONE 745-9642
DEPARTMENT OF ASSESSMENT

November 6, 1987

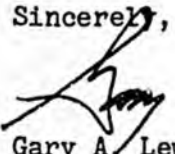
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NOV 10 1987

COMMISSIONER'S OFFICE
COMMUNITY & REGIONAL AFFAIRS



Matanuska-Susitna Borough

BOX B, PALMER, ALASKA 99645 • PHONE 745-9642

DEPARTMENT OF ASSESSMENT

SENIOR CITIZEN-DISABLED VET TAX RELIEF PROGRAM

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Gary A. Lewis, Assessor
Matanuska-Susitna Borough .

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY AND REGIONAL AFFAIRS

MUNICIPAL AND REGIONAL ASSISTANCE DIVISION

OCT - 1 1987
from Cates office

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JUNEAU, ALASKA 99811-2110
PHONE: (907) 465-4750

710 MILL BAY ROAD
KODIAK, ALASKA 99615
PHONE: (907) 456-5736

P.O. BOX 350
KOTZEBUE, ALASKA 99752-0280
PHONE: (907) 442-3696

P.O. BOX 41
NOME, ALASKA 99762-0041
PHONE: (907) 443-5457

August 28, 1987

IN RE: PROPOSED CHANGES IN TITLE 19 REGULATIONS

Enclosed is a copy of proposed changes in regulations dealing with Senior Citizens and Disabled Veterans Property Tax Exemptions. Also enclosed is a copy of the public notice with the scheduled date of September 10, 1987 as the public hearing date and a September 17, 1987 deadline for written comments.

Feel free to contact Chris Follis or myself at 465-4735 if you have any questions.

Sincerely,



Patti Becker
Project Assistant

Enclosures

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 January 15, 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)(1).

(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(c)
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

NOTICE OF PROPOSED CHANGES IN
REGULATIONS WITH ORAL HEARING

NOTICE OF PROPOSED CHANGES IN THE REGULATIONS
OF THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

Notice is hereby given that the Department of Community and Regional Affairs, under authority vested by AS 44.47.980, purposes to amend and repeal regulations in Title 19 of the Alaska Administrative Code, dealing with Senior Citizens and Disabled Veterans Property Tax Exemptions, to implement AS 29.45.030 and AS 29.45.040, and repeal AS 29.45.045 as follows:

(1) 19 AAC 35.010-020 is proposed to be amended as follows:

For purpose of Senior Citizens Homeowners Property Tax Exemption Program, Disabled Veterans with at least a 50% service related disability may apply for an exemption. Form #21-400(b) is adopted for this purpose.

(2) 19 AAC 35.040(b) is proposed to be added to read:

For purpose of Senior Citizens and Disabled Veterans Homeowners Property Tax Exemption Program a "Hardship Exemption" beyond the first \$150,000 of assessed value, in accordance with AS 29.45.030(e), may be allowed if approved by the local governing body. Form #21-400(c) is adopted for this purpose.

(3) 19 AAC 35.040(c) is proposed to be added to read:

For purpose of qualifying for a "Hardship Exemption" beyond the first \$150,000 the amount of the tax bill must exceed 2 percent of the applicant's gross household income. An exemption will be granted only for that portion of taxes in excess of 2 percent of gross household income. In the case of extreme hardship an exemption may be granted by a two-thirds vote of the governing body up to 100 percent of the taxes owed for good cause.

(4) 19 AAC 35.085(b) is proposed to be added to read:

For purpose of Senior Citizens and Disabled Veterans Homeowners and the Property Tax Exemption Program a widow or widower at least 60 years old may qualify for an exemption.

(5) 19 AAC 35.120 is proposed to be added to read:

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

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

(6) 19 AAC 36.010-020 is proposed to be amended as follows:
For purpose of Senior Citizens Property Tax Equivalency (Reiter)
Program, Disabled Veterans with at least a 50% service related
disability may apply for a payment from this program. Forms #21-405
and #21-405(a) are adopted for this purpose.

(7) 19 AAC 36.045 is proposed to be amended to include:
Verification of disability in the form of a letter of certification
from the Veterans Administration with the percentage of disability
is required each year.

(8) 19 AAC 37.010.040 is repealed in accordance with AS 29.45.045.

Notice is also given that any person interested may present oral or
written statements or arguments relevant to the proposed action at a
hearing held in Room 316 of the Community and Regional Affairs
Building, Juneau, Alaska, at 10:00 a.m. on September 10, 1987, and
via teleconference in Anchorage at University Plaza, 4th Floor, 949
East 36th Avenue, Suite 406, Anchorage, Alaska 99503, Phone
#(907) 561-8586 and in Fairbanks at 1514 Cushman Street, Room 206,
Fairbanks, Alaska 99701, Phone #(907) 452-7126. In addition,
written statements or arguments may be sent to the Department of
Community and Regional Affairs, Municipal and Regional Assistance
Division, P.O. Box EH, Juneau, AK 99811, ATTN: PATTI BECKER,
Project Assistant, to be received no later than September 17, 1987.

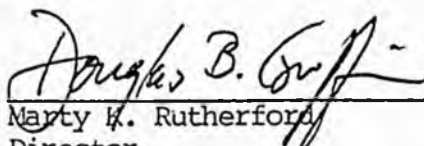
Copies of the proposed regulations may be obtained by writing to:

Department of Community and Regional Affairs
Municipal and Regional Assistance Division
P.O. Box EH
Juneau, Alaska 99811
ATTN: PATTI BECKER
Project Assistant

or by calling (907) 465-4735.

The Department of Community and Regional Affairs, upon its own
motion or at the insistence of any interested person, may at the
hearing or after it adopt proposals within the scope of this notice
without further notice or may decide to take no action on them.

DATE: 8-28-87



Marty K. Rutherford
Director

OLDER ALASKANS COMMISSION

9/19/87
6/87

VOTING MEMBERS

* Peggy Burgin, Chair
1530 West 11th Avenue
Apartment #1
Anchorage, Alaska 99501-4202
333-2311 (W)
563-7367 or 278-2102 (H)

* Alton Ashcraft, Vice Chair
2533 Badger Road
North Pole, Alaska 99705-5565
488-2318

Robert C. Kallenberg
P.O. Box 670307
Chugiak, Alaska 99567-0307
688-2919

Hazel Heath
P.O. Box 4066
Homer, Alaska 99603-4066
235-8286

Dove M. Kull
Mendenhall Apartments #101C
326 Fourth Street
Juneau, Alaska 99801
586-2670

** Martha Sara
Box 334
Bethel, Alaska 99559-0334
543-2008

* Mellie Terwilliger
P.O. Box 206
Tok, Alaska 99780-0206
883-5351

NON VOTING MEMBERS

Bob Gore, Chairman
Pioneers Home
119 Austin St., #911
Ketchikan, Alaska 99901-5917
225-6949

Oliver Andrews
~~Garrey Peska~~, Commissioner
Dept. of Administration
P.O. Box C
Juneau, Alaska 99811-0200
465-2200

David Hoffman, Commissioner
Dept. of Community &
Regional Affairs
P.O. Box B
Juneau, Alaska 99811-2100
465-4700
Designee: Patti Becker

Myra Munson, Commissioner
Dept. of Health & Social
Services
P.O. Box H
Juneau, Alaska 99811-0600
465-3030
Designee: Randall Burns

EXECUTIVE DIRECTOR
~~Jon B. Wolfe~~ *Ruth Gulyas, Acting Exec. Dir.*
Older Alaskans Commission
P.O. Box C
Juneau, Alaska 99811-0209
465-3250

* Terms Expired 9/1/87 - Will stay in office until new appointments made.

** Resigned - no new appointment yet.

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

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

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

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

(e) The property tax exemption on a parcel of real property owned and occupied as the primary residence and permanent place of abode by a (1) resident 65 years of age or older; (2) disabled veteran; or (3) resident at least 60 years old who is the widow or widower of a person [WHO] qualified for an exemption under (1) or (2) of this subsection, is computed according to the following schedule:

If the annual household income is: Then the percentage of property tax exemption is:

less than \$15,000	100% of property tax is exempt
\$15,000 but less than \$20,000	85% of property tax is exempt
\$20,000 but less than \$25,000	70% of property tax is exempt
\$25,000 but less than \$30,000	55% of property tax is exempt
\$30,000 but less than \$35,000	40% of property tax is exempt
\$35,000 but less than \$40,000	25% of property tax is exempt
\$40,000 but less than \$45,000	15% of property tax is exempt
\$45,000 but less than \$50,000	10% of property tax is exempt
\$50,000 or more	0%

Only one exemption may be granted for the same property and, if two or more persons are eligible for an exemption for the same property, the parties shall decide between or among themselves who is to receive the benefit of the exemption. Real property tax may not be exempted under this subsection if the municipal assessor determines, after notice and hearing to the parties, that the property was conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the assessor may be appealed under AS 44.62.560 -- 44.62.570.

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

(f) An exemption may not be granted under (e) of this section except upon written application for the exemption on a form approved by the state assessor for use by local assessors. The claimant must file the application no later than June 1 [JANUARY 15, OR A DATE PROVIDED BY ORDINANCE THAT IS NOT LATER THAN MARCH 31,] of the assessment year for which the exemption is sought. The governing body of the municipality for good cause shown may waive during a year the claimant's failure to make timely application for the exemption for that year and authorize the assessor to accept the application as if timely filed. The claimant must file a separate application for each assessment year in which the exemption is sought. If an application is filed within the required time and is approved by the assessor, the assessor shall allow an exemption in accordance with the provisions of this section. If a failure to file by June 1 [JANUARY 15, OR A DATE PROVIDED BY ORDINANCE THAT IS NOT LATER THAN MARCH 31,] of the assessment year has been waived as provided in this subsection and the application for exemption is approved, the amount of tax that the claimant has already paid for the assessment year for the property exempted shall be refunded to the claimant. The assessor shall require proof in the form the

JUNEAU LIO (907) 465-4648

TELECOPY COVER SHEET

TO: David Harrison / ANC LIO PHONE: 561-4989

FROM: Martha PHONE: 465-3789

INSTRUCTIONS: per request

RECEIVED: DATE 9-14-87 TIME _____

SENT: DATE _____ TIME _____

DISPOSAL OF ORIGINAL: THROW AWAY / HOLD FOR PICK UP ✓

NUMBER OF PAGES: 1 (NOT COUNTING THIS COVER SHEET)

SENT BY: _____

assessor considers necessary of the right to and amount of an exemption claimed under (e) of this section, and shall require a disabled veteran claiming an exemption under (e) of this section to provide evidence of the disability rating. The assessor may require proof under this section at any time.

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

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

* Section 4. AS 29.45.030(i)(3) is amended by adding a new subsection:

(3) "Annual household income" means all annual receipts for all household members whether earned or unearned.

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

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

* Section 6. AS 29.45.060(c) is amended to read:

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

* Section 7. AS 29.45.060 is amended by adding a new subsection to read:

(c) If farm use land that was assessed on the basis of full and true value for farm use before May 16, 1988, is leased, sold, or otherwise disposed of by the owner for uses incompatible with farm use, the owner is liable to pay an amount equal to the additional tax at the current mill levy, together with eight percent interest for the preceding seven years, as though the land had not been assessed for farm use purposes. Payment by the owner must be made to the state to the extent of its reimbursement of the municipality's revenue loss for the preceding seven years. The balance of the payment must be made to the municipality.

* Section 8. AS 29.45.060(b) and (e) are repealed.

* Section 9. This Act applies to assessment years beginning after December 31, 1987.

* Section 10. AS 29.45.060(f), enacted in sec. 7 of this Act, is repealed.

* Section 11. Sections 1 -- 9 of this Act take effect immediately under AS 01.10.070(c).

* Section 12. Section 10 of this Act takes effect January 1, 1995.

HPB

159 (FILE 3)-

SPONSOR

SUBSTITUTE

PUBLIC OPINION MESSAGE

Sp CLK

FEB 26 1988

DEAR: REPRESENTATIVE SPRINGER

NAME: JOHN NASH
TITLE:
ADDRESS: HC04 BOX 9220
CITY: PALMER ZIP: 99645
PHONE: 745-3790
BILL NO: HB 159

SUBJECT: RELATING PROPERTY TAX EXEMPTION TO INCOME
MESSAGE: WE INTENSIVELY FARM 220 FEE SIMPLE ACRES AND PAY PERSONAL PROPERTY TAX TO MATSU BOROUGH. I URGE DEFEAT OF SSHB159 WHICH WOULD REMOVE THE MUNICIPAL FARM TAX CREDIT. ARE MANY REASONS WHY THIS HAS BEEN BENEFICIAL: 1. LAND USED FOR FARMING REQUIRES LESS SERVICES; 2. AGRICULTURE IS A CONSERVATION OF AMERICA'S LAND BASE PROVIDING BOTH FOOD AND FIBER, A RESOURCE THAT IS BENEFICIAL TO OUR CITIES; 3. AG COMMUNITIES ARE STABLE, HAVE LESS PROBLEMS.

POMID: 14155804
DATE: 02/25/88
TIME: 15:58:04
LIONAME: MAT-SU LIO

COPIES: REPRESENTATIVES SENATORS

MENARD	KERTTULA
LARSON	SZYMANSKI
CATO	COGHILL
COLLINS	
HERRMANN	
ZAWACKI	

PUBLIC OPINION MESSAGE

DeA- for CRA
(20) SS#B159
MAR - 1 1988

DEAR: REPRESENTATIVE SPRINGER

NAME: ED BOSTROM
TITLE: **
ADDRESS: P.O.BOX 56822
CITY: NORTH POLE
PHONE: 474-0857

ZIP: 99705

BILL NO: HB 159

SUBJECT: RELATING PROPERTY TAX EXEMPTION TO INCOME

MESSAGE: **LEGISLATIVE AFF. COMM. INTERIOR FARMERS & STOCK GROWERS ASSOC.

THE INTERIOR FARMERS AND STOCK GROWERS ASSOC. OPPOSES HB159. A FNSB ASSESSOR SAYS PASSAGE OF HB159 WOULD CAUSE "THIRTY FOUR FARMERS IN THE FNSB TO BE IN BIG TROUBLE". MUCH FARM LAND WOULD BE ASSESSED AT SUB-DIVISION RATES. GREEN-BELTS WOULD BE DESTROYED AND FARMERS WOULD BE DRIVEN FROM THEIR LAND.

FOMID: 07142212

DATE: 02/29/88

TIME: 14:22:12

LIONAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES SENATORS

CATO
COLLINS
HERRMANN
ZAWACKI
BOYER
DAVIS
FRANK
KOPONEN
MILLER

COGHILL
FAHRENKAMP
FANNING

PUBLIC OPINION MESSAGE

for CRA

DEAR: REPRESENTATIVE SPRINGER

FEB 26 1988

NAME: LARRY DEVILBISS
TITLE:
ADDRESS: HCO4
CITY: PALMER ZIP: 99645
PHONE: 745-6591
BILL NO: HB 159
SUBJECT: RELATING PROPERTY TAX EXEMPTION TO INCOME
MESSAGE: AS A FARMER, THE TAXES THAT WOULD RESULT FROM THIS LEGISLATION
WOULD MAKE FARMING A NONPROFIT BUSINESS.

POMID: 14160040
DATE: 02/25/88
TIME: 16:00:40
LIONAME: MAT-SU LIO

COPIES: REPRESENTATIVES

LARSON
MENARD
CATO
COLLINS
HERRMANN
ZAWACKI

PUBLIC OPINION MESSAGE

DFAR: REPRESENTATIVE SPRINGER

FEB 15 1988 *SP/CRA*

NAME: RICHARD J. CARDA
TITLE:
ADDRESS: PO BOX 4553
CITY: EIELSON AFB
PHONE: 488-4018
BILL NO: HB 159
SUBJECT: RELATING PROPERTY TAX EXEMPTION TO INCOME
MESSAGE: HB 159 WILL COMPLETELY BANKRUPT AT LEAST THIRTY-FOUR FARMERS IN THE FAIRBANKS AREA. ALASKAN FUR RANCHERS ARE AGAINST THIS BILL AND URGE YOU TO VOTE AGAINST HB 159. EOM/MJO/C

POHID: 07133918
DATE: 02/12/88
TIME: 13:39:18
LIONAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES SENATORS

BOYER	COGHILL
DAVIS	FAHRENKAMP
FRANK	FANNING
KOPONEN	DUNCAN
MILLER	ELIASON
COTTEN	FISCHER
DAVIDSON	STURGULEWSKI
HERRMANN	ZHAROFF
HOFFMAN	
NAVARRE	
PEARCE	
SHULTZ	
SUND	

#	Date In	Doc. Type	Date	Subject	DESCRIPTION	From	Copied	Init
①	1-	Bill	1-29-88	SS HB 159				
②	1-29-88	FN	1-12-88	DCRA		DCRA	3	2
③	1-29-8	PP	1-29-8	Gov - ^{Transp.} Post Pap-		Gov	✓	3
④	2/9/88	PP	2/5/8	DCRA		Worley		
⑤ ^a	2/9/8	Articles	vary	Newspaper articles (3)		DCRA - Baker		
⑥	2/9	Rev	2/8	Bill Review - Staff		DCH		
⑦	2/9	Booklet	FX 87	Tax Relief Programs ^{gold cover}		DCRA		
⑧	2/9	POM	2/2					
⑨	2/10	Teleg.	2/9	Telegram	exp. 159			
⑩	2/10	Amend	2/10	DCRA Amendment				
⑪	2/10	PP	-	Older Alaskans Com				
⑫	2/10			AML Policy Stmt				
⑬	2/10	Memo	2/10	AML PP - 2/10/88				
⑭	2/10	Test.	2/10	Testimony - Granite Helms				
A	2/10	(Min)		Min				
B	2/10	WR		WR				
⑮	2/29	Chart.		Requested figures \$10,000 increments				
⑯	2/29	Newspaper	Mar 88	"Senior Voice" article				
⑰ ^{or}	2/29	cones.		Consp. - d ltr, 7 POMs				
⑱	2/29	ea	2/29	AML PP.				
⑲	3/2	Ltr.						
⑳	3/2	POMs						
⑲								
⑰.1	3/2	CS		2/10/88				
C	3/2	WR						
D	3/2	(Min)						

① = Distributed, all files

(Ltr) = Master, Backup, Next Com. Files

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907.465.3800

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House C+RA	2-10-88	3:00 p.m.
" "	3-2-88	3:00 p.m.

BILL PREPARATION/ACTION*

CS
Bill # SS HB 159 Date Referred: 1/29/88 Out: / /

Title: Relating Property Tax Exemptions to Income

Rules: _____

Referrals: CRA FIN

CONTACTS:*****

Name	Organization Address	Phone	Date Contacted
<u>DCRA</u>	<u>FN ✓ DCRA</u> <u>PP ✓ Gov - DCRA</u>	<u>2/24</u>	<u>2nd weekly</u> <u>10,000 incr. from</u> <u>10,000 - 60,000 + etc of sup.;</u>
<u>Bob Parlett</u>	<u>AAAP</u> <u>407 586-9696</u> <u>2066</u>	<u>2/8</u>	<u>[x 2/10]; Maxine Raffer SBG-1661 2/15 [3/2];</u>
<u>Scott Burgess</u>	<u>586-1325</u>	<u>2/8</u>	<u>[3/10]; 2/15 [3/2];</u>
<u>Iran Toland</u>	<u>OAL 465-3250</u>	<u>2/8</u>	<u>[x 2/10]; call w/</u> <u>2/15 [3/2];</u>
<u>Ellis - Rene Chapman</u>	<u>3704</u>	<u>2/8</u>	<u>[x 2/10]; 2/21 [3/2];</u>
<u>McKie Campbell</u>	<u>3810</u>	<u>2/8</u>	<u>msg. received</u> <u>[x 2/10]; 2/24 [3/2];</u>
<u>Bob Evans</u>	<u>3500</u>	<u>2/8</u>	<u>[x 2/10]</u>
<u>Patt Becker</u>	<u>4250</u>	<u>2/8</u>	<u>[x 2/10]; 2/24 [3/2];</u>

REMARKS: _____

ANALYSIS: _____ Completed: _____

MEETINGS:*****

Date	Action
<u>2/10/88</u>	<u>1st pub. hmg. CS adopted</u>
<u>3/2/8</u>	<u>CS -</u>

SS

BILL PREPARATION/ACTION*

Bill # HB 159

Date Referred: / /

Out: / /

Title: _____

Referrals: _____

CONTACTS:*****

<u>Name</u>	<u>Organization</u> <u>Address</u>	<u>Phone</u> <u>Attend/Remarks</u>	<u>Date Contacted</u>
<u>Ed Bostrom</u>	<u>North Pole PA1</u> <u>(Gen. Dev. - Rep Davis) 1/26/8</u>	<u>474-0857</u>	<u>-2/25 [3/2];</u> <u>mag. 2/5 of [2/25 [3/2];</u>
<u>Sen Symanski</u>	<u>Royal Pappi</u> <u>4973</u>	<u>1/25 [3/2];</u>	
<u>Rep. Husson - Lanza</u>		<u>2/25 [3/2];</u>	
<u>Mrs. Amos Burg</u>	<u>586-2747</u>		

REMARKS: _____

ANALYSIS: _____ Completed: _____

MEETINGS:*****

<u>Date</u>	<u>Action</u>

PUBLIC OPINION MESSAGE

Syr/CRA

DEAR: REPRESENTATIVE SPRINGER

NAME: ROSE PALMQUIST, PRES
TITLE: O.P.A.G.
ADDRESS: P O BOX 870294
CITY: WASILLA ZIP: 99687
PHONE: 376-0110
BILL NO: HB 159
SUBJECT: RELATING PROPERTY TAX EXEMPTION TO INCOME
MESSAGE: NOT ENOUGH IMPROVEMENT IN SSHB159 OVER ORIGINAL TO WARRANT ANY
SUPPORT.

POMID: 14121153
DATE: 03/02/88
TIME: 12:11:53
LIONAME: MAT-SU LIO

MAR - 3 1988

COPIES: REPRESENTATIVES

CATO
COLLINS
HERRMANN
ZAWACKI

go0508hB
Cook
2/16/88

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 159 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND 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) A property tax exemption on [THE] 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 an exemption under (1) or (2) of this subsection,
16 is computed according to the exemption percentage schedule set out in
17 this subsection [EXEMPT FROM TAXATION ON THE FIRST \$150,000 OF AS-
18 SESSED VALUE OF THE REAL PROPERTY]. A municipality may, in a case of
19 hardship, provide for a property tax exemption beyond the amount
20 provided for in the exemption percentage schedule set out in this
21 subsection [FIRST \$150,000 OF THE ASSESSED VALUE] in accordance with
22 regulations of the department. Only one exemption may be granted for
23 the same property and, if two or more persons are eligible for an
24 exemption for the same property, the parties shall decide between or
25 among themselves who is to receive the benefit of the exemption. Real
26 property tax may not be exempted under this subsection if the local
27 assessor determines, after notice and hearing to the parties, that the
28 property was conveyed to the applicant primarily for the purpose of
29 obtaining the exemption. The determination of the local assessor may

1 be appealed under AS 44.62.560 - 44.62.570. For the purpose of deter-
 2 mining the amount of the property tax exemption provided under this
 3 section, the exemption percentage is as follows:

<u>If the annual household income is</u>	<u>Then the property tax exemption percentage is</u>
<u>less than \$15,000</u>	<u>100</u>
<u>at least \$15,000 but less than \$20,000</u>	<u>85</u>
<u>at least \$20,000 but less than \$25,000</u>	<u>70</u>
<u>at least \$25,000 but less than \$30,000</u>	<u>55</u>
<u>at least \$30,000 but less than \$35,000</u>	<u>40</u>
<u>at least \$35,000 but less than \$40,000</u>	<u>25</u>
<u>at least \$40,000 but less than \$45,000</u>	<u>15</u>
<u>at least \$45,000 but less than \$50,000</u>	<u>10</u>
<u>\$50,000 or more</u>	<u>0</u>

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

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

1 15, OR A DATE PROVIDED BY ORDINANCE THAT IS NOT LATER THAN MARCH 31,]
2 of the assessment year has been waived as provided in this subsection
3 and the application for exemption is approved, the amount of tax that
4 the claimant has already paid for the assessment year for the property
5 exempted must [SHALL] be refunded to the claimant. The local assessor
6 shall require proof in the form the local assessor considers necessary
7 of the right to and amount of an exemption claimed under (e) of this
8 section, and shall require a disabled veteran claiming an exemption
9 under (e) of this section to provide evidence of the disability rat-
10 ing. The local assessor may require proof under this section at any
11 time.

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

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

19 * Sec. 4. AS 29.45.030(i) is amended to read:

20 (i) In (e) - (i) of this section

21 (1) "disabled veteran" means a disabled person separated
22 from the military service of the United States under a condition that
23 is not dishonorable who is a resident of the state, whose disability
24 was incurred or aggravated in the line of duty in the military service
25 of the United States, and whose disability has been rated as 50 per-
26 cent or more by the branch of service in which that person served or
27 by the Veterans' Administration;

28 (2) "real property" includes but is not limited to mobile
29 homes, whether classified as real or personal property for municipal

1 tax purposes;

2 (3) "annual household income" means the total annual earned
3 and unearned income of persons in a household;

4 (4) "household" includes an applicant under (f) of this
5 section and the applicant's spouse, children, and grandchildren who
6 occupy the same property as the applicant as their primary residence
7 and permanent place of abode;

8 (5) "local assessor" means the assessor of a municipality.

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

10 (i) A municipality may by ordinance approved by the voters
11 provide for a property tax exemption beyond the amount provided for in
12 the exemption percentage schedule under AS 29.45.030(e) for [EXEMPT
13 FROM TAXATION THE ASSESSED VALUE THAT EXCEEDS \$150,000 OF] real prop-
14 erty owned and occupied as a permanent place of abode by a resident
15 who is

16 (1) 65 years of age or older;

17 (2) a disabled veteran; or

18 (3) at least 60 years old and a widow or widower of a
19 person who qualified for an exemption under (1) or (2) of this subsec-
20 tion.

21 * Sec. 6. AS 29.45.060(a) is repealed and reenacted to read:

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

24 * Sec. 7. AS 29.45.060(c) is amended to read:

25 (c) In this section "farm use" means the use of land for profit
26 for raising and harvesting crops, for the feeding, breeding, and man-
27 agement of livestock, for dairying, or another agricultural use, or
28 any combination of these. To be farm use land, the land must be in-
29 cluded in a farm unit and must not be dedicated to or used for nonfarm

1 purposes. The [THE] owner or lessee must be actively engaged in farm-
2 ing the land, and derive at least 10 percent of yearly gross income
3 from the land. This section does not apply to land for which the
4 owner has granted, and has outstanding, a lease or option to buy the
5 surface rights. A property owner who wishes [WISHING] to file for
6 farm use classification, but who has [HAVING] no history of farm-
7 related income, may submit a declaration of intent at the time of
8 filing the application with the local assessor, setting out the in-
9 tended use of the land and the anticipated percentage of income. An
10 applicant using this procedure shall file with the local assessor
11 before February 1 of the following year a notarized statement of the
12 percentage of gross income attributable to the land. Failure to make
13 the filing required in this subsection forfeits the exemption.

14 * Sec. 8. AS 29.45.060 is amended by adding a new subsection to read:

15 (f) If farm use land that was assessed on the basis of full and
16 true value for farm use before May 16, 1988, is leased, sold, or oth-
17 erwise disposed of by the owner for uses incompatible with farm use,
18 the owner is liable to pay an amount equal to the additional tax at
19 the current mill levy, together with eight percent interest for the
20 preceding seven years, as though the land had not been assessed for
21 farm use purposes. Payment by the owner must be made to the state to
22 the extent of its reimbursement of the municipality's revenue loss for
23 the preceding seven years. The balance of the payment must be made to
24 the municipality.

25 * Sec. 9. AS 29.45.060(b) and 29.45.060(e) are repealed.

26 * Sec. 10. This Act applies to assessment years beginning after Decem-
27 ber 1988.

28 * Sec. 11. AS 29.45.060(f), enacted in sec. 8 of this Act, is repealed.

29 * Sec. 12. Sections 1 - 10 of this Act take effect January 1, 1989.

1 * Sec. 13. Section 11 of this Act takes effect January 1, 1995.
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A M E N D M E N T

Offered in the HOUSE

By _____

TO: SSHB 159

Page 4, line 9, INSERT:

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

(i) A municipality may by ordinance approved by the voters provide for a property tax exemption beyond the amount provided for in the exemption percentage schedule under AS 29.45.030(e) for [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;

(2) a disabled veteran; or

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

Renumber the following sections accordingly.

Page 5, line 16:

Delete "7" and insert "8".

Page 5, line 17:

Delete "9" and insert "10".

Page 5, line 18:

Delete "10" and insert "11".

File Contents

SSHB 159 - Relating Property Tax Exemption to Income

<u>No.</u>	<u>Description</u>
1.	Bill - SSHB 159
2.	Fiscal Note - DCRA/GOV
3.	Transmittal Letter from Governor
4.	DCRA - Position Paper
5a-c.	Newspaper articles (3)
6.	Bill Review - HCRA Staff, Harrison
7.	Booklet - <u>Tax Relief Programs</u>
8.	POM
9.	Telegram - Central AK Retired Teachers Association
10.	Housekeeping AMENDMENT requested for CS - by DCRA
11.	Position Paper - Older Alaskans Commission
12.	AML Policy Statement
13.	AML Position Paper, 2/10/88
14.	Testimony - Juanita Helms
15.	Chart (DCRA) - \$50,000-\$150,000 cap/\$10,000 increm.
16.	"Senior Voice" article, March 1988
17a-c.	Correspondence, 2 ltrs, 7 POMS
18.	AML Position Paper, 2/29/88

88 FULL FUNDING IS CALCULATED TO BE \$7,800,000
 (ALL VALUES HAVE BEEN INFLATED FROM FY 87/CY 86)

2/11/8

PROJECTED FUNDING WITH \$150,000 CAP

RANGE	ASSESSED VALUE	SENIORS & DV'S	% 100% OF 150000	CAPPED FUNDING
> 200001	\$154,822,476	488	\$73,189,236	MR = 8.874
`200-175'	\$42,585,506	230	\$34,430,926	
`175-150'	\$72,778,774	433	\$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 (97.5)

*5% millage
 Revenue in 1988
 left value to city
 also same.*

6,325,763
 x 1.068

 6,755,915
 x 1.05

 7,093,711

FY 89

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	\$5,988,708

5,838,990.
 < 1.068
 6,236,041
 x 1.05
 6,547,843

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

5,324,059
 x 1.068
 5,686,095
 1.05
 5,970,400

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

4,613,863
 X 1.068
 4,927,606
 X 1.05
 5,173,986

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

3,695,234
 X 1.068
 3,946,510
 X 1.05
 4,143,836

PROJECTED FUNDING WITH \$40,000 CAP

RANGE	ASSESSED VALUE	SENIORS & DV'S	100% OF 40000	CAPPED FUNDING
> 200001	\$154,822,476	488	\$19,517,130	MR = 8.874
` 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	\$2,554,979

Current Budget of Fund in FY99 request level

2,588,605
 X 1.068
 2,764,630
 X 1.05
 2,902,862

PROJECTED FUNDING WITH \$20,000 CAP

RANGE	ASSESSED VALUE	SENIORS & DV'S	100% OF 20000	CAPPED FUNDING
> 200001	\$154,822,476	488	\$9,758,565	MR = 8.874
` 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

1,337,507
 X 1.068
 1,428,457
 X 1.05
 1,499,880



Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: Wednesday, Feb. 10, 1988

SIGN-IN

Subject of meeting: (B)SSHB 159

*SSHB 159 Relating Property Tax Exemption to Income

NAME (PLS PRINT)	YOUR TITLE & ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
✓ Bob Pavitt	130 Howard St #205 Juneau, 99801	586-2066	AARP State Legislative Committee	yes
Rebecca Goodman	SENIOR VOICE 513 12th St. Juneau 99801	463-3085		NO
MAXINE RACE	1669 E. Wagoner Juneau 99801	586-1661		NO
✓ JULIANA HEIMS	Box 1267 FAIRBANKS	452-4761	FNSB	Yes
✓ GARY Lewis	Box 1608 Palmer	745-7638	AML	Yes
✓ Marla Isugs	144 W. Binkley Soldotna	443-3529	KPB	Yes
✓ MIKE WOLLEY	P.O. Box 311 JUNEAU	465-4787	OFFICE OF THE STATE ASSESSOR	YES
✓ Mrs Dove Kull	GACOMMISSIONER		Older AK Comm.	Yes
✓ Rose Palmquist	AML Matsen Boy Assembly	376-0110		✓
✓ Joe Evans	AML Director 4741 Southpark Bluff Drive	345-3688	AML	Yes



Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: Wednesday, Feb. 10, 1988

SIGN-IN

Subject of meeting:

*SSHB 159 Relating Property Tax Exemption to Income

NAME (PLS PRINT)	YOUR TITLE & ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
------------------	----------------------	-------	--------------	-------------------------

Scott Burgess	AML	6-1325		Yes but may have to leave
e _____ committee name dated <u>None</u> OAC representative				

TESTIMONY
of
Marla Huss
Kenai Peninsula Borough

House Bill 159 - Senior Tax Exemption

House Community and Regional Affairs Committee

February 10, 1988

The administration of the KPB is opposed to Sponsor Substitute for House Bill 159. This opposition is on 2 fronts. First, we see problems with the concept of an income based senior citizen exemption. Second, even if that concept were warranted, we see problems in administration of such a program under the proposed legislation. A program of this type requires a senior citizen, and members of their household, to disclose financial information of a private nature. The savings anticipated by this proposal as compared to the existing program do not justify this invasion of privacy. The legislation itself fails to define "annual household income" which would be the basis of the exemption. Furthermore, if HB159 were enacted, the program would not be subject to a \$150,000 ceiling. There are problems associated with allowable exemptions of multiple parcels under the existing statute, that would be exacerbated by removal of that ceiling. There are also existing problems with residency determinations. SS HB 159 does not address these problems.

If the committee wishes to explore these problems now or at a future date, I would be happy to offer examples and further information.

SSHB 159

House CRA Committee 2/10/88

TESTIMONY

My name is Bob Pavitt, and I'm a member of the AARP Alaska State Legislative Committee.

The State Legislative Committee is scheduled to meet in Juneau next week and at that time we will adopt an official position on the Sponsor Substitute for House Bill 159.

During the interim, I was a member of the "working group" that pondered the issue of senior citizen property tax relief, and attempted to arrive at an equitable solution. That proved to be a difficult (if not impossible) task; and the bill that you have before you does not by a long shot adequately address the concerns of the 3 parties involved. Those parties include the current state administration (who cannot by any stretch of the imagination be considered supporters of the Senior Citizen Property Tax Relief Program); the municipalities (who don't like being mandated to provide this relief when the legislature underfunds the program), and the seniors themselves (whose property assessments have skyrocketed at the same time as they were learning to survive on a fixed income).

Because the State Legislative Committee has not yet taken a position on the sponsor substitute, I am not going to sit here and nit-pick individual sections of the bill, but I do want to say a few words on my personal feeling that it signals to me a radical change in philosophy and attitude toward our older Alaskans and their needs.

When the program began 16 years ago (which I might add, was well before the oil started to flow) it was considered good public policy to help keep seniors living independently in their homes, avoiding expensive institutionalization, and continuing to contribute to their communities socially and economically.

House CRA Committee Testimony re: SSHB 159 (continued)

The startling change in attitude reflected now seems to say that the whole thing is nothing but a welfare program that perhaps the state can shift over to the municipalities and the seniors themselves!

I sincerely hope that that is not reflective of the philosophy of the legislature or the people of Alaska.

*

BILL: HB 159
NAME: SSHB 159

07:10 PM 01/29/88

TITLE: "AN ACT RELATING TO EXEMPTIONS FROM, DEFERMENTS OF,
AND PAYMENTS RELATING TO, MUNICIPAL PROPERTY TAXES;
AND PROVIDING FOR AN EFFECTIVE DATE."

PRIME SPONSOR: RULES COMMITTEE

BY REQ OF THE GOVERNOR

CURRENT STATUS: (H) CRA

STATUS DATE: 01/29/88

03/02/87	(H)	366	READ THE FIRST TIME - REFERRAL(S)
03/02/87	(H)	366	C&RA THEN FINANCE
03/02/87	(H)	366	ZERO FISCAL NOTE PUBLISHED 3/2/87
01/29/88	(H)	2043	SPONSOR SUBSTITUTE INTRODUCED -REFERRALS
01/29/88	(H)	2043	CRA THEN FINANCE
01/29/88	(H)	2043	ZERO FISCAL NOTE PUBLISHED 1/29/88
01/29/88	(H)	2043	GOVERNOR'S TRANSMITTAL LETTER

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SSHB 159
PUBLISH DATE: HOUSE 1/29/88

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Community & Regional Affairs
 Title: "An act relating..to deferments & payments relating municipal property taxes" BRU: State Assessor
 Sponsor: Rules Committee Components: Senior Cit/Disabled Vet Tax Relief & Agriculture Land Deferment
 Requestor: Governor

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
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 **	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

**Funding for this bill appears in the Governor's budget bill.

Prepared by: Mike Worley, State Assessor Phone: 465-4750
 Division: Municipal & Regional Assistance Date: 1/12/88
 Approved by Commissioner: [Signature] Date: 1-13-88
 Agency: Community & Regional Affairs

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



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 29, 1988

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 Sponsor Substitute for HB 159. This substitute bill deletes the amendments in the original bill which would have repealed the senior citizen and disabled veteran property tax exemptions, and replaces them with a new concept of exemptions based on need.

This concept provides a full exemption from property taxes for eligible homeowners who receive less than \$15,000 in annual household income. Those whose income falls between \$14,999 and \$50,000 qualify for a percentage of exemption which correlates to their level of household income. Eligible homeowners whose household income is \$50,000 or more annually do not qualify for the benefit.

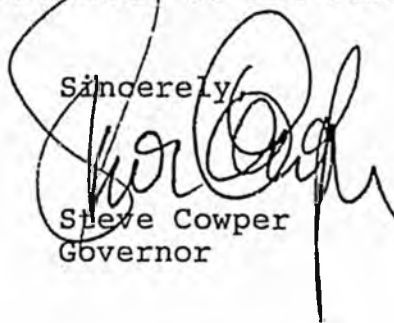
It is estimated that the total cost of this needs-based program will be about \$6,000,000, compared to the current cost of \$6,750,000 under the existing \$150,000 assessed value exemption limitation. Of that \$6,000,000, it is anticipated that appropriations will fund about 50 percent. Senior citizens and disabled veterans, through the payment of that portion of their property taxes which is not subject to exemption, will contribute about 25 percent of the cost of the program. Municipalities will have to absorb the remaining 25 percent of the cost. In the 1987 session, the legislature appropriated \$3,000,000 for municipal reimbursement of exemptions under this program.

The purpose of the property tax relief programs is to ensure that senior citizens and disabled veterans do not lose their homes as a result of an inability to pay property taxes. I believe that the concept in the attached bill addresses that intent directly, thereby improving upon the existing exemption programs. The approach set out in SS HB 159 will be a fair one for senior citizens and disabled veterans, and at the same time will substantially reduce the fiscal impact of property tax exemptions to municipalities across the state.

Section 5 of the original bill repealed the property tax equivalency program for senior citizen and disabled veteran renters. That program provided a companion benefit to the homeowners program. In order to maintain uniformity in the tax benefit programs, this sponsor substitute leaves the property tax equivalency program in place.

Sections 5 -- 8, 10, and 12 of the attached sponsor substitute concern the agricultural land use deferment program. As in the original bill, SSHB 159 changes the deferment benefit from a state-mandated tax benefit to one that may be provided for by a municipality at the municipality's option. The state will be under no further obligation to fund the agricultural land use deferment program. The only continuing responsibility the state will have for this program will be to monitor it until December 31, 1994, primarily so that the state can recoup reimbursements it has already paid under the program.

Sincerely,

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

Steve Cowper
Governor

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

④ SSNB 159
STEVE COWPER, GOVERNOR

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

February 5, 1988

POSITION PAPER

RE: Sponsor Substitute for HB 159

SPONSOR: Rules Committee by Request of the Governor

Program Effects of Bill

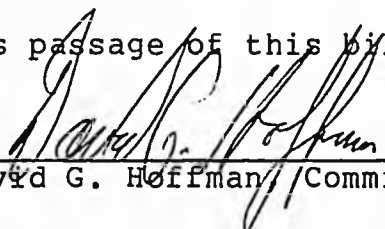
The major focus of this substitute bill is to replace the current Senior Citizen/Disabled Veteran real property tax exemption program, which now exempts the first \$150,000 of assessed value from real property tax, with an exemption program based upon an income formula. The bill sets out an exemption percentage schedule based on annual household income. Eligible homeowners who receive less than \$15,000 in annual household income will receive a 100 percent tax exemption. Those whose household income falls between \$15,000 and \$50,000 qualify for a percentage of exemption based upon their level of household income. Applicants whose annual household income exceeds \$50,000 do not qualify for any benefit under this schedule.

The purpose of this tax relief program is to help insure that Senior Citizens and qualifying Disabled Veterans do not lose their homes as a result of an inability to pay property taxes. This bill will allow the program to fulfill this purpose, and, at the same time, substantially reduce the fiscal impact of the program on municipalities across the State.

Sections 5 - 8, 10 and 12 of this sponsor substitute are unchanged from the original bill and deal with the agricultural land use deferment program.

Comments

The Department strongly supports passage of this bill.



David G. Hoffman, Commissioner

opinion

Anchorage Daily News

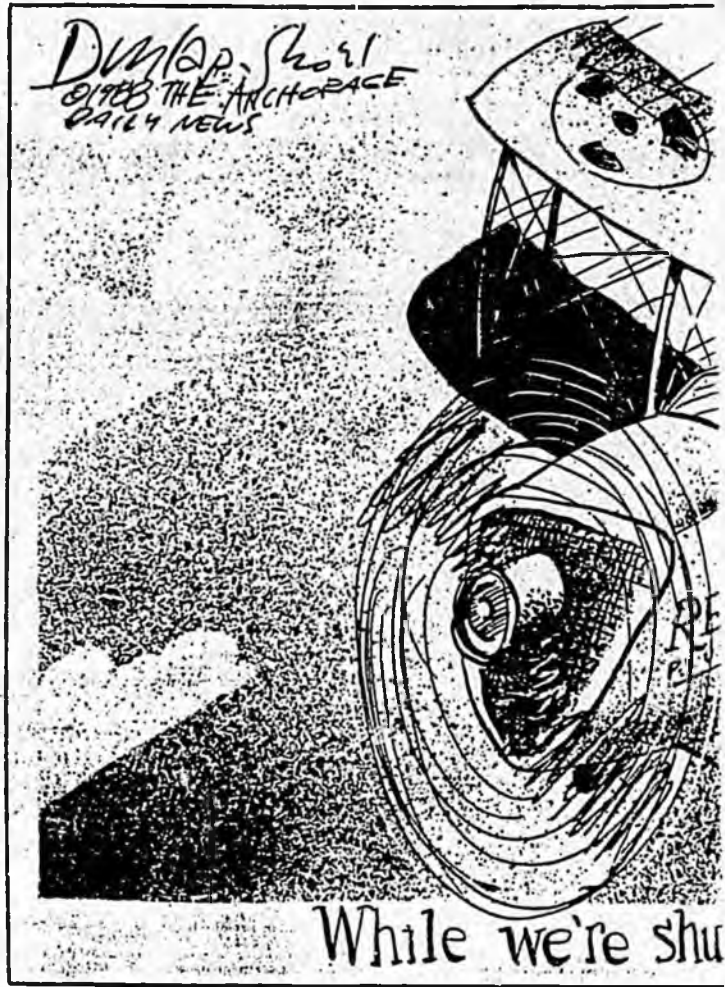


Winner, 1976 Pulitzer Prize Gold Medal for Public Service
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Howard Weaver
Managing Editor

Michael Carey
Editorial Page Editor

Katherine Fanning, Editor and Publisher 1971 to 1983
Lawrence Fanning, Editor and Publisher 1967 to 1971

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To trim a tax break

In politics, good ideas often go nowhere because they hit a small but influential group in the pocketbook. A case in point: Gov. Steve Cowper's call to cut the cost of the property tax break the state gives to senior citizens.

Under his proposal, seniors making less than \$15,000 a year would get a full exemption. A sliding-scale tax break would be offered to those with incomes up to \$50,000, where all assistance is cut off.

Last session, Gov. Cowper's call to repeal the senior property tax exemption went nowhere. His new proposal probably won't find much more favor. Many senior citizens vigorously oppose using a needs test in programs that benefit them — and they have political clout.

The seniors' property tax break does have a laudable goal: making sure house-rich, cash-poor seniors are not driven from homes because they can't pay taxes. And there are good arguments for exempting all seniors. Such a program is easy to administer, and it doesn't carry the "welfare" stigma of a needs-based approach.

But Alaska can't afford to be as generous as in the past. With money in short supply, there's no reason to give tax breaks to wealthy seniors.

It's true, the money saved by this measure is small — less than a million dollars a year. But as the legendary Sen. Everett Dirksen once said: A million here, a million there and pretty soon you're talking real money.

Of church and state

When a religious group delivers government-funded services, sticky problems can arise. The church's

A golf cart won't get

During a recent trip to California, I saw a luxury vehicle that was unlike any I've seen before.

It had a flawless paint job, comparable to any Mercedes or BMW, except that the dark blue finish had tiny gold flecks, giving it the look of a star-filled sky on a clear night.

I looked inside and saw that the upholstery was of the finest soft calf skin. The same leather covered the steering wheel. The dashboard and other interior trim appeared to be teak wood.

There was an air conditioner, built-in color TV and stereo, refrigerator, bar, telephone, cigarette lighter, side and rearview mirrors, and turn signals.



mike royko

golf cart for what it was the single most disgusting play of materialistic ostention I had ever seen — owner strolled up.

I was surprised. I would have guessed that some



—Lena Sexton.

h — It was pure fun when Ron Maggle Webb, Dottie Englund, owner of Pleasant Valley Animal

Tax plan based on household income

by Rebecca Goodman

Proposed legislation which would make the senior citizens property tax exemption program income-based is now under review by the Department of Law following a series of working group sessions in the Department of Community and Regional Affairs.

The draft legislation calls for graduated levels of tax exemptions to be given Alaska's senior homeowners based on annual household income.

If approved by the legislature, the income-based exemption plan would replace the current tax exemption program which grants 100 percent tax exemption up to a "cap" of \$150,000 on the assessed value of a senior's home.

"The proposed legislation provides a needs-based schedule using total household income as a qualifier for the exemption," said State Assessor Mike Worley of the Department of Community and Regional Affairs who organized the working group on the bill.

Under the draft plan, 100 percent property tax exemption would be extended to a senior homeowner who has a total annual household income (unadjusted) of \$15,000 or less.

At the upper end of the proposed income schedule, senior homeowners whose total annual household income amounted to \$50,000 or more would receive no exemption under the plan. (See chart page 18.)

"No income of any kind, earned or unearned, would be exempt from this proposal," said Worley. "Total annual household income would be defined as total income from every member of that household. It would include all annual receipts from everyone residing in that home."

During a working group session in early December, Bob Evans, legislative liaison to Gov. Steve Cowper, expressed support for the draft legislation and said the governor had reviewed it and was "comfor-

page 18 please

change 'inactive' waiting list policy

Pio- just where I am in my own apartment, so I told 'em, 'no thanks.'

When Weaver decided not to enter the Anchorage home's residential section, her name was removed from their "active" waiting list and placed into an "inactive" waiting list file.

"The folks at the home were real careful to explain to me that it was my responsibility to reapply to the home man-

ager and put in a new, updated application as soon as I changed my mind about moving in," Weaver said.

She has not yet reapplied, but said she would "do it in a minute" if she thought she really wanted to move into the home.

Weaver admitted that although having her name placed on the "inactive" waiting list gave her no guarantees or priorities for moving into

the home, it did give her a sense of security — albeit a false one.

"I knew that somewhere my name and old application were on file and that made me feel safe, like I was keeping all my options open without having to really decide what I wanted to do next year," Weaver said.

"But, you know, it seems kind of silly to even have an

page 9 please

for better care

Tax plan based on household

from page 1

table" with the plan. Several others raised concerns about the proposed bill.

"I don't believe you're going to be able to accurately ascertain what total household income is," said R. W. "Bob" Pavitt of the American Association of Retired Persons legislative committee.

"Even if it could be determined, there may be members in a senior's household — adult children or others — who are not contributing in any way to ease the tax burden of that property. If an income schedule is to be imposed, then the income considered should be the senior homeowner's income alone, not everyone else's in the household."

Pavitt also expressed concerns about the "arbitrariness" of the proposed income schedule. "While I'm sure these breakdowns worked out nicely on the computer, I'm not too sure they'll work out meaningfully in the real world. I am glad to see that hardship provisions in the statutes would still apply for those who might need that additional assistance."

Worley admitted the proposed income schedule was based not on research data, but on some broad assumptions. "It's not based on any known information because we have no information relating seniors' household incomes to assessed values of those homes," Worley explained.

"We made the assumption that the legislature would continue to approve that same appropriation into the future.

At the same time we also wanted to get the cost of the program down to about \$6 million.

"By including this income schedule in the program, it works out to be a 50-25-25 program — the state kicks in 50 percent of the payment for the program, municipalities pay 25 percent of the share of the program, and seniors make a 25 percent payment to the program. It seemed the fairest way to handle it," Worley said.

Burgess reminded the group the \$3 million appropriated for the program "is not a magic number."

"As we move forward I'd like to see us stop talking about \$3 million and start talking about shared responsibilities," Burgess said. "We should be talking about percentages and sharing the program. It's up to the legislature to commit itself to this program. It will grow even with caps placed on it," he added.

State records support Burgess' comments on program growth.

In 1986 — the last year of the original property tax exemption program — 6,569 senior

homeowners applied for exemptions totaling about \$6.3 million.

In 1987 — the first tax year in which the \$150,000 tax "cap" was fully in place — 7,800 senior homeowners in Alaska applied for property tax exemptions. These totaled about \$6.7 million despite the cap.

State officials have speculated that without the tax cap in place, the "cost" of the senior property tax exemption program in 1987 could have topped \$7.5 million.

For now, it remains uncertain whether the draft legislation will be introduced as a new bill or treated as a committee or sponsor substitute for House Bill 159. Considered politically unpopular by both seniors and legislators, HB 159, introduced by Cowper in mid-session last year, called for the total repeal of senior tax relief programs.

A review and final draft of the proposed income-based tax exemption legislation is expected to be issued by the Department of Law in early January.

What do you think?

What do you think of the newly proposed income-based tax exemption plan now under review in the Department of Law?

If you'd like to comment on the proposed income schedule or the definition of "total annual household income," or tell how the plan might affect you, write to: State Assessor's Office, Department of Community and Regional Affairs, Box BH, Juneau, AK 99811.

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Senior Voice Jan '88

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A review and final draft of the proposed income-based tax exemption legislation is expected to be issued by the Department of Law in early January.

How income-based tax plan would affect you

If your total annual household income is:

Then the percentage of property tax exemption you would receive is:

less than \$15,000	100%
\$15,001 to \$20,000	85%
\$20,001 to \$25,000	70%
\$25,001 to \$30,000	55%
\$30,001 to \$35,000	40%
\$35,001 to \$40,000	25%
\$40,001 to \$45,000	15%
\$45,001 to \$50,000	10%
\$50,001 or more	0%

For example: Mrs. W. has an estimated total annual household income of \$17,500, so 85 percent of her property taxes on her \$145,000 home in Juneau would be exempt. Her property tax bill would be about \$217. Taxes would be calculated as follows: \$145,000 x 10 mills (the average millage rate in Juneau) equals \$1,450. Mrs. W. would be exempt from paying 85 percent of this because of her income category. Her tax payment would be 15 percent of \$1,450, or \$217.50.

What do you think?

Do you think of the newly proposed tax exemption plan now under Department of Law? Do you want to comment on the proposed income definition of "total annual household income" or tell how the plan might affect you? Write to: State Assessor's Office, Department of Law and Regional Affairs, Box BH, Juneau, Alaska 99801.

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matter in 1986. Also confirmed were Larry Dinneen as port director and Faye Alexey as interim director of the Loussac Library. The assembly confirmed Chiel last week, but attached a reconsideration to the decision after Assemblywoman Heather Flynn questioned whether Chiel misled the panel in a rezoning issue in Stuckagain Heights. The question turned on whether antennas, a ski slope and an airstrip Chiel had

of perception, judgment calls, semantics." Chiel, who responded angrily, Flynn mornu fled w "I v did I c lead th "I a able to about tl "My

However, Alexiev was the backing of the Anchorage Library Advisory usly called and librari- ber. p position advisory search for however, to apply ld be one ed by the t.



5-c SSB 159

ANC DAILY NEWS

Kenai refuses to end tax break for seniors

By RONNIE CHAPPELL
Daily News reporter

SOLDOTNA — The Kenai Peninsula Borough Assembly Tuesday refused to repeal the unlimited property tax exemption now given senior citizens and disabled veterans.

Last year, those exemptions cost other borough taxpayers more than \$400,000. A dozen Peninsula homesteaders testified against repeal of the tax break.

Most described themselves as land rich but cash poor.

"You put 30 years into building a home and yet we find other people trying to grab it away from us," said Wallace Sidback of Nikiski. "This is a good way to do it because there are an awful lot of folks who can't pay the additional tax you want to impose on us."

Many homesteaders can't afford to subdivide their

land, and even if they could, the market is so poor that few would be able to sell enough lots to pay their taxes or to cover the cost of surveying it, said Elmer Gaede of Soldotna. "It doesn't make any sense. I see no justification for this at this time."

Others said the assembly should not tamper with the exemption for residents 65 years old and older that was approved by voters only two years ago.

The state is supposed to reimburse the borough for the cost of exempting the first \$150,000 of appraised value on a senior citizen's home. Last year, the borough received only 26 percent of the money to which it was entitled. As a result, the borough had to spend an additional \$330,000 on the program.

The borough also exempts that portion of the value in

excess of \$150,000. Last year, 705 people applied for the tax break. Fewer than 120 had property appraised at more than \$150,000.

"There are problems with this program," said Kalifornsky Assemblyman Pat O'Connell. "We are giving an unlimited tax exemption. In some cases it's up to \$900,000. We don't know if they even live in the state. They don't pay a dime of taxes and nobody's checking."

The repeal proposal proved so unpopular that even its sponsor, Soldotna Assemblyman David Carey, voted against it. Carey said he introduced the measure because it afforded senior citizens a chance to defend the tax break now instead of in April or May, when dozens of special interest groups are pressuring the assembly for money.

police report

Man suffers shooting

A 42-year-old Anchorage man was shot in the buttocks as he stepped from his truck at Ninth Avenue and Karluk Street Monday evening. He was treated at a hospital and released. Police say they are investigating the incident but there are few details.

Suspect charged with sexual abuse

A 23-year-old Shaktoolik man has been charged with sexually abusing a pre-teen girl. Gerald J. Bekoalok was arrested last Wednesday and charged with one count of sexual abuse of a minor in the first degree, the Alaska State Troopers reported.

3 survive plane crash into lake

The pilot of a Cessna airplane and two passengers survived a crash into Iliamna Lake Sunday afternoon. Pilot Gerald Anelon, 32, his wife, Glendora, and Alex Trefon Sr. were all transported to Anchorage by Medevac, Alaska State Troopers said. Anelon and Trefon were seriously injured and Mrs. Anelon suffered minor injuries.

NORMAL: Elementary school consistently finds itself ranked average in r

Continued from Page C-1

"I don't know if I'd think of us as average," said Colleen Stevens, Gladys Wood principal. She half-smiled, half-grimaced and wrinkled

the day for sixth-graders in Willa Holzheimer's class. The class looks perfectly normal. The walls of her classroom are covered with construction paper portraits of Columbus,

"The Wump World." She has all eyes and ears — except for the brief few seconds when Robble and Wesley kick each other under the table. Buddy bonding.

"The teachers are nice. Yeah, all of them. Nope, never had a bad one." When Gladys Wood opened in 1971, the neighborhood that gave it students was much

ents who have to work long and harder for a living. They to help with homework short. School taxes are sometimes all they can afford pay for their children's edu-



Alaska State Legislature

SSHB 159

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

To: Representative Henry Springer, Chairman
HCRA

From: HCRA Staff - Harrison

Subject: Bill Review
SSHB 159 - "An Act relating to exemptions from, deferments of, and payments relating to, municipal property taxes; and providing for an effective date." [Rules by Req. of Gov.]

Date: February 8, 1988

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

(e) A property tax exemption on [THE] real property owned and occupied as the primary residence and permanent place of abode by a (1) resident 65 years of age or older; (2) disabled veteran; or (3) resident at least 60 years old who is the widow or widower of a person [WHO] qualified for an exemption under (1) or (2) of this subsection, is computed according to the exemption percentage schedule set out in this subsection [EXEMPT FROM TAXATION ON THE FIRST \$150,000 OF ASSESSED VALUE OF THE REAL PROPERTY]. A municipality may, in a case of hardship, provide for a property tax exemption beyond the amount provided for in the exemption percentage schedule set out in this subsection [FIRST \$150,000 OF THE ASSESSED VALUE] in accordance with regulations of the department.

Current law:

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

Comments:

SSHB 159 concept provides a full exemption from property taxes for eligible homeowners who receive less than \$15,000 in annual household income. A percentage of exemption is applied to those whose income falls between \$14,999 and \$50,000. Eligible homeowners whose household income is \$50,000 or more annually do not qualify for property tax exemption benefit. This bill attempts to provide a new concept to property tax exemptions for eligible recipients based upon annual household income percentage levels.

AS 29.45.030(e) proposed amendments speak directly to a property tax exemption based upon a tax exemption percentage schedule in case of hardship a municipality may provide for a property tax exemption beyond the amount provided for in the exemption percentage schedule stated herein. Local assessor is required to help make determinations on applications for exemptions and the timeliness thereof.

AS 44.62.560 Judicial Review (a) through (e) relate to final administrative orders that interested parties may file with the court.

AS 44.62.570 Scope of Review (a) through (i) relate to the scope and interest of an appeal for review by interested parties.

* Section 2. AS 29.45030(f) is amended so the claimant must file the application no later than June 1 of the assessment year it is sought. January 15, or a date set by ordinance that is not later than March 31, of assessment year is deleted. Line 29, page 2 setting June 1 rather than January 15, is provided based upon previous changes requested in this bill.

Page 3, line 5, the word "must" is added while "shall" is deleted. This is considered clean-up language in the bill.

* Section 3. AS 29.45.030(h) specifically spells out senior citizens and disabled veterans while deleting the word "similar" in this section.

AS 29.45.050 relates to optional exemptions and exclusions by municipalities.

* Section 4. AS 29.45.030(i) added to this section to conform to previous inclusions brings into line terminology in lines 2 through 8 on page 4.

Line 2, page 4, defines "annual household income" as the total annual earned and unearned income of persons in a household.

Line 4, page 4, defines those that are included in a household.

Line 8, page 4, "local assessor" means the assessor of a municipality.

* Section 5. AS 29.45.060(a) is repealed and reenacted to read:
(a) A municipality may, by ordinance approved by the voters, assess farm use land on the basis of full and true value for farm use.

* Section 6. AS 29.45.060(a) is amended to read: ...To be farm use land, the land must be included in a farm unit and must not be dedicated to or used for nonfarm purposes. [See attached Section of 29.45.060(a) of current law.]

The rest of the changes in Section 6, are considered "cleanup" language.

* Section 7. AS 29.45.060 is amended by adding a new subsection to read:

(f) If farm use land that was assessed on the basis of full and true value for farm use before May 16, 1988, is leased, sold, or otherwise disposed of by the owner for uses incompatible with farm use, the owner is liable to pay an amount equal to the additional tax at the current mill levy, together with eight percent interest for the preceding seven years, as though the land had not been assessed for farm use purposes. Payment by the owner must be made to the state to the extent of its reimbursement of the municipality's revenue loss for the preceding seven years. The balance of the payment must be made to the municipality.

* Section 8. AS 29.45.060(b) and (e) are repealed.
Please see attached copy of repealed sections.

* Section 9. This Act applies to assessment years beginning after December 1988.

* Section 10. AS 29.45.060(f), enacted in sec. 7 of this Act, is repealed.

* Section 11. Sections 1 - - 9 of this Act take effect January 1, 1989.

* Section 12. Section 10 of this Act takes effect January 1, 1995.

Comments: Section 10 of this Act with effective date would spell the end of the state's interest in phasing out farm use land exemptions.

OTHER COMMENTS: The sponsor's intent and purpose of this bill is to assure continued property tax relief for qualified individuals so they do not lose their homes as a result of an inability to pay property taxes.

It is the intent of the bill to base property tax exemptions on a need basis. Those individuals whose income is above the exemption line will be required to pay a part of the property tax. Such payments would amount to approximately 25 percent of the cost of the program. It is stated that municipalities would absorb 25 percent of the cost of the program. The remaining portion of the program which is estimated at 50 percent would be funded from appropriations.

The sponsor indicated that the estimated cost of this needs-based program will be about \$6 million, compared to the current cost of \$6,750,000 under existing \$150,000 assessed value exemption limitation.

The Fiscal Note (DCRA) reflects zero impact so as not to duplicate the \$3 million already in the Governor's budget.

Attachment

(a) → Sec. 29.45.060. Farm or agricultural land. (a) Farm use land included in a farm unit and not dedicated or being used for nonfarm purposes shall be assessed on the basis of full and true value for farm use and may not be assessed as if subdivided or used for some other nonfarm purpose. The assessor shall maintain records valuing the land for both full and true value and farm use value. If the land is sold, leased, or otherwise disposed of for uses incompatible with farm use or converted to a use incompatible with farm use by the owner, the owner is liable to pay an amount equal to the additional tax at the current mill levy together with eight percent interest for the preceding seven years, as though the land had not been assessed for farm use purposes. Payment by the owner shall be made to the state to the extent of its reimbursement for revenue loss under (e) of this section for the preceding seven years. The balance of the payment shall be made to the municipality.

(b) → (b) An owner of farm use land must, to secure the assessment under this section, apply to the assessor before May 15 of each year in which the assessment is desired. The application shall be made upon forms prescribed by the state assessor for the use of the local assessor, and shall include information that may reasonably be required to determine the entitlement of the applicant. If the land is leased for farm use purposes, the applicant shall furnish to the assessor a copy of the lease bearing the signatures of both lessee and lessor along with the completed application. The applicant shall furnish the assessor a copy of the lease covering the period for which the exemption is requested.

(c) In this section "farm use" means the use of land for profit for raising and harvesting crops, for the feeding, breeding, and management of livestock, for dairying, or another agricultural use, or any combination of these. To be farm use land, the owner or lessee must be actively engaged in farming the land, and derive at least 10 percent of yearly gross income from the land. This section does not apply to land for which the owner has granted, and has outstanding, a lease or option to buy the surface rights. A property owner wishing to file for farm use classification having no history of farm-related income may submit a declaration of intent at the time of filing the application with the assessor setting out the intended use of the land and the anticipated percentage of income. An applicant using this procedure shall file with the assessor before February 1 of the following year a notarized statement of the percentage of gross income attributable to the land. Failure to make the filing required in this subsection forfeits the exemption.

(d) In the event of a crop failure by an act of God the previous year, the owner or lessee may submit an affidavit affirming that 10 percent of gross income for the past three years was from farming.

(e) → (e) Subject to legislative appropriations for the purpose, the state shall reimburse a borough or city, as appropriate, for the property tax revenues lost to it by the operation of this section. (§ 12 ch 74 SLA 1985)

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TAX RELIEF PROGRAMS



ALASKA DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS
MUNICIPAL & REGIONAL ASSISTANCE DIVISION

STEVE COWPER, GOVERNOR

8 SS HB 159

PUBLIC OPINION MESSAGE

FEB 2 - 1988
CR

DEAR: REPRESENTATIVE SPRINGER

NAME: ROGER LABER
TITLE:
ADDRESS: 319 RIVERSIDE DR
CITY: SOLDOTNA ZIP: 99669
PHONE: 262-9797
BILL NO:
SUBJECT: PROPERTY TAX EXEMPTION

MESSAGE: PLEASE DEFEAT COWPER'S PROPOSAL CONCERNING SENIOR CITIZENS & DISABLED VETERANS PROPERTY TAX EXEMPTION. EXEMPTIONS KEEP CITIZENS IN PRIVATE HOMES INSTEAD OF EXPENSIVE PIONEER HOMES. RESIDENCY REQUIREMENTS SHOULD BE ESTABLISHED LIKE THE PERMANENT FUND. KEEP PEOPLE WITH MONEY IN ALASKA. LIKE TOURISM, COMMUNITIES WANT THESE CITIZENS. EXEMPTIONS AND PERMANENT FUND ADVERTISE ALASKA.

POMID: 13095109
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A M E N D M E N T

⑩ SSHB 159

Offered in the HOUSE

By _____

TO: SSHB 159

Page 4, line 9, INSERT:

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

(i) A municipality may by ordinance approved by the voters provide for a property tax exemption beyond the amount provided for in the exemption percentage schedule under AS 29.45.030(e) for [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;

(2) a disabled veteran; or

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

Renumber the following sections accordingly.

Page 5, line 16:

Delete "7" and insert "8".

Page 5, line 17:

Delete "9" and insert "10".

Page 5, line 18:

Delete "10" and insert "11".

(11) SSHB 159

Older Alaskans Commission

Box C
Juneau, Alaska 99811-0209
907/465-3250

POSITION PAPER
Bill No. SSHB 159

Sponsor Substitute for House Bill No. 159 replaces the original bill which had proposed elimination of the state funded portion of the senior and disabled citizen exemption from municipal property taxes on the person's residence. The bill also further defines the tax exemption available for farm use land.

The Older Alaskans Commission is primarily interested in the residential exemption section. SSHB 159 now proposes to create a partial, variable exemption for seniors and disabled persons, dependent on the level of the property owner's income. Homeowners with a "household income" over \$50,000 would be entitled to no exemption, and homeowners with lesser incomes would receive greater percentages of exemption from taxation. Homeowners with less than \$15,000 income would be the only ones to be totally, or 100%, exempted from taxation.

The 1986-1988 State Plan of the Older Alaskans Commission supports all programs, and adequate funding for those programs, which enable older Alaskans to remain in their own homes.

The Commission has taken the position that seniors who are property rich but tax poor should be provided tax exemptions that will assist them to continue living in their own homes. In addition, the Commission believes that older Alaskans who are financially able should contribute to the tax base of their communities. This bill intends to achieve this goal.

The Older Alaskans Commission supports the general concept of SSHB 159, but believes that there are several amendments needed to make the bill serve its true purpose, and to make the bill capable of simple and uniform implementation by all municipal taxing authorities.

First, the hardship exemption referred to in lines 18--22, page 1, must include a definition of "hardship" and at least some general guidelines on methods for municipalities to use in deciding hardship cases. The Commission urges that a definition of hardship be added in Section 4 as follows:

Insert at page 4, after line 8: (6) "hardship" includes, but is not limited to a situation where a homeowner's tax bill is greater than two percent of the applicant's gross household income, or where the homeowner has experienced catastrophic increases in vital expenses or severe reduction in income since the period used for determination of the household income.

Second, the definitions of "annual household income" and "household" do not seem equitable in their present form. Household includes all relatives of the applicant related by marriage or descent, but does not include siblings or other blood relatives. Perhaps even more troubling, the calculation of "annual household income" lumps together the earned and unearned incomes of all defined persons sharing a household, but does not divide that income by the number of persons, nor take into account any special expenses or needs of those household members.

Under this scenario, a low-income senior homeowner who shares the home with a daughter and four children, perhaps themselves receiving public assistance, could have a joint "annual household income" that puts them in the same exemption bracket as a single homeowner with a \$30,000 income. Obviously, the income in the first household is divided to meet the needs of many more people than the income of the second homeowner.

Multi-generational sharing of a home may be an economic necessity or a family or cultural choice, but it does not in itself ensure adequate disposable income to pay the property taxes. Also, the income of other household members is not always legally, or even morally, available to the homeowner to assist with taxes.

The Commission urges that the "annual household income" definition be amended to include some apportionment of income between all the persons in the home, perhaps based on division by a full share for each adult and a half-share for each child.

In addition, the Commission feels strongly that a simple method for determining income should be included in the bill,

so that each municipality uses the same method, one that is not an undue burden on either the tax officials nor the applicant. The Commission urges the use of the adjusted gross income figure reported to the IRS in the prior calendar year. The Commission recognizes that this figure would not capture all income, such as tax free bond income, nor all major deductions, but the adjusted gross figure is the most simple way for tax assessors to get verifiable information on which to determine income.

The Commission's third concern relates to the requirements for "primary residence" (Sec. 1 (e), line 12).

The Commission staff has talked to several tax assessor offices which suggested that the definition of "primary residence" be tightened up to conform to the residency and allowable absences requirements in the Longevity Bonus statute. At the current time, the Bonus program allows no more than a 90 day continuous absence from the state, per year, in order to maintain residency. If a homeowner does not choose to reside in the Alaska-located home at least nine months a year, the home should not qualify as "the primary residence and permanent place of abode," under this bill.

The Commission's final concern relates to the primary residency requirement and its impact on a small number of senior or disabled homeowners who experience extended stays in long term care nursing institutions. The Commission urges an amendment assuring that those individuals receive the same exemptions despite extended absences from their primary residence due to institutionalization. Even if the residence is rented, the income may not be enough to cover taxes, especially if the homeowner uses the rental income toward payment of the homeowner's care expenses.

In communicating this concern to the Department of Community and Regional Affairs, the Commission has learned that the fiscal impact of such an amendment would be minimal. The Commission also acknowledges that these types of situations have been handled on the local level and are usually approved if the institutionalized senior intends to return home. However, a clear statutory directive would ensure that all persons receive equal consideration from municipalities throughout the state.

The Older Alaskans Commission supports this bill, but urges the amendments discussed above. We feel that these

amendments involve policy choices that should not be left to the regulatory process, but should be made by the legislature.

APPROVED:

DK

Dove Kull, Chair
Legislative Committee
Older Alaskans Commission

Date: _____

REVIEWED:

J.M.A.

John M. Andrews, Commissioner
Department of Administration

Date: 2/10/88