I. Call to Order
The meeting was called to order at 5:03 p.m. by Mary Becker, Chair.

Committee Members Present: Mary Becker, Jesse Kiehl, Jerry Nankervis and Kate Troll

Other Assembly Members Present: Mayor Sanford

Staff Present: City Manager Kim Kiefer, Deputy City Manager Rob Steedle, Finance Director Bob Bartholomew, Sales Tax Administrator Clinton Singletary, Assistant City Attorney Chris Orman, Print Shop Coordinator Glen Fairchild

II. Approval of Minutes – December 3rd, 2014 Minutes were approved with corrections.

III. Committee Work Session:
Mr. Bartholomew began with an open question from the last committee meeting, and pointed to page 6 of the handout, covering the single item sales CAP. Mr. Bartholomew discussed the 4 areas of information provided. The committee appreciated the information and asked for time to review and consider before forwarding on to the Assembly as a whole to discuss further. Mary Becker mentioned the $14,000 CAP adjustment, previously adopted, was heading to the Finance Committee after a public hearing.

The Committee next began discussion on Senior Exemption Modifications. Mr. Bartholomew talked about income levels and establishing an income cut-off level of 250% above poverty level for essentials. The Committee agreed after discussion that a motion had previously passed to send the 250% of poverty income level on to Finance Committee.

Mr. Bartholomew next talked about number II on the list, changing eligibility age from 65-70 over 5 years and pointed to a chart on page 17. Ms. Becker asked which scenarios the revenue gains in the chart were based on and Mr. Bartholomew answered they based on the current program. Mr. Bartholomew mentioned when 250% of poverty level was recommended the net growth in revenue would be $900,000.

The Committee discussed the chart further and Kate Troll asked if by doing nothing to modify the age of eligibility if CBJ would lose $300,000 in 2015 and Mr. Bartholomew answered yes. Mr. Kiehl asked that the chart be changed to reflect the age of 65 beginning in 2015 rather than 2016, and Mr. Bartholomew agreed to make that correction.
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The Committee talked about the Juneau Commission on Aging’s recommendations and their suggestions on item #1-6 from the previous public hearing. Jerry Nankervis asked for clarification on the page 17 chart and Mr. Bartholomew provided the clarification on the numbers. Mr. Nankervis asked if anyone had done the math carrying the number of qualifiers further down the road, like 25 yrs, and Mr. Bartholomew said they had not looked into it that but Alaska Department of Labor may have some numbers that can be referenced.

Ms. Troll made a motion to forward the recommendation of increasing the eligibility age from 65-70 over a 5 year period on to the Finance Committee. Ms. Becker thinks this would be a double-whammy. Mr. Kiehl is curious how they will define “senior” as life span continues to increase and points to Social Security who has raised the eligibility age to 67. The Committee discusses Mr. Troll’s motion and it failed - 2 yeas and 2 nays.

Information Items

Mr. Bartholomew pointed the Committee to page 18 of the packet and Clinton Singletary talked about merchants and the outreach they have done with them and their response on administration of a senior exemption on food only. 3 out of 5 businesses are hesitant with concern over staff and defining “food”, one store thought any change would not be a big deal at all and one wanted to talk to their I.T. staff at corporate, but thought it would be a manual change at the register. Mr. Singletary said they would need more time to get a better idea. Mr. Singletary mentioned he would not like to put too much burden on clerks and seniors at the register and make it more challenging to audit. The Committee disagreed and pointed out examples in which this system already existed. Mr. Singletary and Mr. Bartholomew both agreed it would not be impossible, but felt they had an opportunity currently to not make things more complicated and should use a system that would be easier to administer. Finance is recommending the consideration of a rebate system.

Ms. Troll was interested in hearing more about the rebate system and Mr. Bartholomew explained, ideally there would be 1 rebate on essentials. But there could be multiple amounts based on income level of the senior and Mr. Bartholomew referenced IRS tables as a place to start. Finance is interested in not having to re-issue 3,000 exemption cards and having 2 separate type of cards issued. Mr. Kiehl was concerned about the unfairness of heating fuel for different sized or energy rated homes. Mr. Bartholomew stated that a 4,000 square foot home would get a larger rebate than a 1,000 square foot home. The committee discussed concerns over the rebate system and based on current information supplied was not in support of the rebate system.

Mr. Singletary and Mr. Bartholomew mentioned that currently CBJ does not have the technology, like large private companies and some state organizations to tie our cards
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to the various merchants systems. The combination of exemptions (needs based and essential) is what makes this difficult to implement and finance may need to look at other recommendations if the committee wants to avoid a rebate system. Ms. Troll asked which would be easiest to implement, a need-based or exemption on essentials, and Mr. Singletary replied need-based would be easiest. Mr. Nankervis was interested in looking more at the rebate system by was also concerned about any unfairness issues, but could appreciate the ease of application for Finance. Ms. Becker did not like the rebate as it was represented in the packet and asked committee if it should be sent on to be reviewed by the Finance Committee. Committee did not have a recommendation for the rebate as it stands.

**Other items to forward to Finance Committee for consideration**

Items discussed included local business licenses; seasonal sales tax; sales tax rate increase combined with food exemption; PILT; vehicle lease Business Personal Property tax. Mr. Kiehl pointed out another item not on the list which was the hardship property tax exemption. Mr. Kiehl made a motion to change the income level of the exemption to 250% of the poverty level and the motion passed, sending this on to the Finance Committee.

Items to be sent on to the Finance Committee include raising the CAP senior exemption on the three essentials and establishing a needs based income threshold of 250% of poverty.

**IV. Next Meeting Dates**
January 8th, 2014, 5:30 P.M. – Public Testimony

**V. Adjournment** – The meeting was adjourned at 6:40 P.M.