DRAFT Minutes
Tax Exemption Review Committee (TERC)
December 3, 2014 • Meeting Minutes
Assembly Chambers - City Hall

I. Call to Order
The meeting was called to order at 5:00 p.m. by Mary Becker, Chair.

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

Other Assembly Members Present: Karen Crane, Maria Gladziszewski, Loren Jones, and 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 – The Minutes from the meetings on October, 23rd and October 29th, 2014 were approved with minor corrections to both October 23rd and 29th Minutes, as noted by Mary Becker.

III. Juneau Commission on Aging Report Presentation:
The Juneau Commission on Aging began by reading to the Assembly their General Comments found on page 9 of the packet. The Commission cited a 2010 senior survey finding nine out of ten seniors wish to remain in Juneau. The Juneau Economic Plan also envisioned increased senior demands for a range of services, as there is no growth projected for 30 years in Juneau and the Commission envisioned seniors playing a big role in helping with increased demands in Juneau. The Commission acknowledged lots of “unknowns” but mentioned seniors tend to have more leisure time to spend volunteering and caregiving; many vital community organizations are run on the energy of seniors.

After the Commission read their report, the Assembly asked questions of them. Jerry Nankervis asked to know more about the tiered tax rebate program the Commission had mentioned. The Commission explained that once a year seniors would produce documents to qualify, if you qualify CBJ would issue a check A, B, C and so-on categories, based on income.

Mary Becker asked Bob Bartholomew if he had had time to look into a rebate program. Mr. Bartholomew said he had, and was talking to the auditors and State officials to learn more about it. Mr. Bartholomew said more levels in a tiered program make it harder to administrate, but it is manageable. Maria Gladziszewski asked the commission about their tiered example as opposed to seniors’ income levels, and the commission said their tiered model gives more privacy to seniors.
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Kate Troll asked the commission about increased user fees on senior passes (i.e. Eaglecrest ski area, swimming pools, bus passes). The commission did not look into those. The commission felt that looking at income levels only would not be fair to seniors as there are many variables in their incomes. The Commission drew attention to seniors with large health care bills or raising grandchildren and the extra cost for some is not related to income levels.

The Assembly asked more questions on the Commission’s Recommendation 9 (nine) on page 11 of the packet, which was drawing the most confusion. Seniors felt food and utilities were the most important and should be exempt for all. Ms. Gladziszewski asked the Commission about how they felt about raising sales taxes and the commission had not looked into that.

Jesse Kiehl asked for clarification on the tiered rebate, referring to low income households that spend 40-50% on housing, and at wondered what point do you reach the rebate? Mr. Bartholomew said there were lots of way to determine that level and would talk more to the State and professionals to keep within the guide lines.

Mary Becker continued asked about Recommendation 9(nine) on page 11 of the packet, asking the Commission if they were okay with deleting all exemptions but food. The Commission replied that their organization does not represent all seniors and does not recommend jumping directly into Recommendation 9 (nine), and suggests tracking and seeing how Recommendations 1-6 worked for a few years first.

The Commission was divided in their report but many felt seniors could pay more. The Commission was against removing exemptions all together, however. Raising the exemption age gradually from 65 to 70 years, one year at a time the Commission felt would help as well. The Commission pointed out the taxation of marijuana and the inevitable rise of state oil will also potentially create more revenue for the Borough.

The Assembly asked the Commission more question on rebating seniors, the commission said low income seniors do not want to wait for a rebate and that they needed money now, not as a lump sum.

Ms. Becker thanked the Commission for their hard work and reiterated no matter what is decided, CBJ very much values their senior population and all their hard work in the community.

IV. Committee Work Session Discussing Tax Exemptions
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Increasing the $7,500 Tax CAP on a single Item/Service
Mr. Bartholomew pointed the assembly to page 12 of the packet showing financial effects on various changes to the CAP. The CAP began in 1983 and was last changed to its current standing in 1991.

Jesse Kiehl motioned to raise the cap to $14,000. Mr. Kiehl said this number builds in layers of inflation and it would be enough to offset the barge cost of shipping up a car.

Mr. Nankervis felt that was too big of a bite, but withdrew his objections and the motion passed unanimously to be voted on by the assembly as a whole.

Senior Exemptions; 4 items deferred from the October 29, 2014 meeting
Mr. Bartholomew pointed the assembly to page 14 of the packet, which had specific dollar values and ease/difficulty to administrate. Mr. Bartholomew talked about the 3,000 new tax exemptions cards that would be handed on based on not doing a rebate. Mr. Bartholomew also pointed out the difficulty with the cards from the merchants side of the transaction, from sorting the basket of exempt versus non-exempt goods. Mr. Kiehl was curious how this would be any different from programs such as SNAP. Mr. Bartholomew said the CBJ cards do not have the same capability. Clinton Singletary said it is not impossible, it’s just very complicated for small businesses and they would struggle more than the larger stores.

Mr. Bartholomew mention a couple things they needed to do, including research with vendors and what type of card system they would need to have. Ms. Troll pointed out, if it were to pass with the voters and everyone was exempt on food items it would be easier for the merchants to administrate.

The Assembly then discussed exemptions for 3 essential items: food, residential electricity and heating fuel. Ms. Becker asked is AEL&P could sign seniors up for a rebate and Mr. Bartholomew answered yes. Mr. Nankervis wanted to make sure pellets and firewood were included in the heating fuel exemption, as he was hearing from his constituents.

Mr. Bartholomew then explained item #2, Need-based exemptions and the matrix based on federal poverty level. Mr. Bartholomew pointed to examples on page 16 of the packet.

The Assembly discussed need-based and exemptions 2.5 times above poverty level; as well as understanding which exemptions they are including as well as need-based 66% of median income. Ms. Becker was opposed and the assembly took a 5 minute break.
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After the returning from the break, Ms. Becker asked to jump ahead to food, electricity and oil exemptions. The exemptions would cut $1.3 million from a segment of 3,000 people, in which Mr. Nankervis disagreed and would move to have it need-based on those items of food, fuel and electricity and was in support of the 2.5 times above poverty level line. Ms. Becker mentioned how groups would like a phased in change, and Mr. Nankervis agreed there would be sticker-shock but did not want to phase in stages. Ms. Troll could not support need-based on sales tax and essentials being exempted. Mr. Bartholomew reminded the body that currently all seniors are exempt from all purchases within the borough.

Mr. Bartholomew talked about the options the assembly had narrowed down:

1) A need-based exemption - At “X” income would be 100% exempt and above that level people would start to pay.

2) Need-based limited to just the 3 essentials: food, electric and heating fuel.

Assembly discussed these options and what the community could afford to do. Ms. Crane and Mr. Kiehl were in agreement on exemptions for essentials only and Ms. Gladziszewski was in support of gradually raising the exemptions age 1 year at a time from 65 to 70 years old.

Ms. Becker moved on to Item 5 of the packet and the committee agreed to not pursue removing out of borough exemption.

V. The committee identified several items that required additional research and analysis to be brought back for the Dec. 18 TERC meeting. **Next Meeting Dates** December 18th, 2014, 5:00 P.M. – Committee worksession on items still under consideration.

VI. **Adjournment** – The meeting was adjourned at 7:23 P.M.