Draft

SENIOR SALES TAX EXEMPTION
TASK FORCE

REPORT TO ASSEMBLY
OF THE
CITY AND BOROUGH OF JUNEAU

APRIL 25, 2006
MISSION

The Senior Sales Tax Exemption Task Force (SSTX) was appointed by the Mayor of the City and Borough of Juneau in December 2005 to develop a set of available options that involve the eventual elimination of the Senior Sales Tax Exemption including present impacts and future projections for the existing senior sales tax exemption. The SSTX shall decide on agreed upon facts.

A copy of the Mission Statement is labeled Attachment A.

METHODOLOGY

The SSTX began meeting approximately weekly on January 17th 2006. The SSTX schedule calls for a report with the developed options to the Assembly no later than April 30, 2006.

The SSTX received information or report copies from City staff regarding various aspects of the status of the optional senior sales tax exemption program including; projected growth of senior citizens and costs based on U.S. Census Data; the CBJ property tax exemption program for seniors; the CBJ Budget; the League of Women Voters Budget Survey for 2004; copies of reports of the Mayor’s Task Force on Fiscal Policy and the Assembly Finance Committee Tax Policy Subcommittee; and, a copy of the report “Revisiting State Tax Preferences for Seniors” by the Center on Budget and Policy Priorities (Attachment B). The staff reports are also attached.

The SSTX agreed the census data showed the growth in the number of seniors was continuing and accelerating and that the program was an administrative burden to merchants. The census data is labeled Attachment C.

The SSTX developed fourteen potential options to eliminate or change the senior sales tax exemption. These options were submitted for public comment to identify any options which the SSTX should also consider (Attachment D).

The SSTX reviewed the comments from the public and developed five options to change or eliminate the seniors sales tax exemption (Attachment E). The Five Options were accompanied by a list of points to explain the Five Options (Attachment F); The public was asked to choose one option which “If the Assembly has to eliminate the senior sales tax exemption, what is the best way to do it?” The citizens were also asked to provide a specific alternative for Assembly consideration if the five options did not suit their preferences.
The SSTX held four public hearings regarding the five options.

1. Friday March 31, 2006 at the Juneau Senior Center
2. Tuesday April 4, 2006 in the Assembly Chambers
3. Thursday April 6, 2006 at the Douglas Library
4. Friday April 7, at the Valley Library

   Approximately 70 people attended each public hearing. 16 to 22 people testified at each hearing.

PUBLIC COMMENT SUMMARY

Of the people who testified and submitted written comments, most expressed their preference that the Assembly not change the senior sales tax exemption but, the Assembly should eliminate non-Juneau residents from the program. Of the people willing to express a preference as to which of the five options is the best way to eliminate the senior sales tax exemption, the majority favored grandfathering in current Juneau residents and eliminating non-Juneau residents. The majority of speakers did not want to have a rebate program, or an annual payment subject to appropriation by the Assembly, or a means test for sales tax exemption eligibility.

Some seniors and non senior citizens expressed the opinion the sales tax exemption is nice but we can no longer afford it and it is time to end the program. Other seniors and non seniors expressed the view the program is subject to abuse.

When the five alternatives were outlined, some people said the Assembly should be more aggressive in collecting delinquent sales taxes, cut funding for Eaglecrest, the ice rink and the swimming pool or cut the fat at the City. Some seniors suggested firing the City Lobbyist for failing to restore municipal revenue sharing and get someone who can do the job.

OPTIONS

Following a review of the public hearing comments the SSTX identified an option to change the senior sales tax exemption labeled Recommendation One.

Recommendation One grandfathers in current Juneau residents and age eligible seniors who relocate to Juneau but raises the age of eligibility to 75 for age qualifying residents who are 75 on or after December 31, 2016. This option continues the program indefinitely.

The effect of recommendation one on current Juneau resident recipients is nil. The effect on others who will have to wait until they are 75 is probably minimal. A modern social service safety net exists for seniors that did not exist in previous years. The list of programs available to seniors to help those in need is attached, labeled Attachment G.
The SSTX also identified an option to eliminate the senior sales tax exemption labeled Recommendation Two.

Recommendation Two also grandfathers in current Juneau residents and age eligible Juneau residents who relocate to Juneau but eliminates it for all others. This option eliminates the program eventually.

The effect of recommendation two on current Juneau resident recipients is nil. The effect on others who will not qualify is probably minimal. A modern social service safety net exists for seniors that did not exist in previous years. The list of programs available to seniors to help those in need is attached, labeled Attachment G.

Both recommendations base residency on Permanent Fund Eligibility with a Juneau address and eliminate eligibility for non residents. Both recommendations partially relieve the burden on merchants. Both recommendations are for three year periods with renewal upon written application at no charge to the eligible senior. Both recommendations would require a fee for the initial card.

POLICIES AND PROGRAM RECOMMENDATIONS

If the Assembly has to change or eliminate the senior sales tax exemption, it is the recommendation of the SSTX that any new revenues generated not be used to expand city services or the numbers of employees. It is the further recommendation that the Assembly express an intent to use such revenues to lower the overall tax burden for all taxpayers and to help maintain Senior Citizen Services such as Care A Van.

SUMMARY

The Senior Sales Tax Exemption Task Force presents this report with recommendations to the Assembly and thanks you for the opportunity to serve our community.