AN ACT

Relating to the optional exemption from and deferral of payment of municipal taxes on deteriorated property; and relating to a municipal tax exemption for certain subdivided property.

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

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AN ACT

Relating to the optional exemption from and deferral of payment of municipal taxes on deteriorated property; and relating to a municipal tax exemption for certain subdivided property.

*Section 1.* AS 29.45.050(o) is amended to read:

(o) A municipality may by ordinance partially or totally exempt all or some types of deteriorated property from taxation for up to 10 years beginning on or any time after the day substantial rehabilitation, renovation, demolition, removal, or replacement of any structure on the property begins. A municipality may by ordinance permit deferral of payment of taxes on all or some types of deteriorated property for up to five years beginning on or any time after the day substantial rehabilitation, renovation, demolition, removal, or replacement of any structure on the property begins. However, if the entire ownership of property for which a deferral has been granted is transferred, all tax payments deferred under this subsection are immediately
due, and the deferral ends. Otherwise, deferred tax payments become due as specified by the municipality at the time the deferral is granted. The amount deferred each year is a lien on that property for that year. Only one exemption and only one deferral may be granted to the same property under this subsection, and, if an exemption and a deferral are granted to the same property, both may not be in effect on the same portion of the property during the same time. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application for each exemption or deferral. An application for a deferral must specify when payment of taxes for each year of deferral will become due, together with an explanation of the reasons for each proposed date for consideration by the municipality. In this subsection, "deteriorated property" means real property that

(1) residential property located in a deteriorating or deteriorated area with boundaries that have been determined by the municipality, if the property is owned by an entity that owns at least two residential properties and eight or more residential units among those properties in that deteriorating or deteriorated area; or

(2) commercial property not used for residential purposes or that is multi-unit residential property with at least eight residential units, and that meets one of the following requirements:

(A) within the last five years, has been the subject of an order by a government agency requiring environmental remediation of the property or requiring the property to be vacated, condemned, or demolished by reason of noncompliance with laws, ordinances, or regulations;

(B) has a structure on it not less than 15 years of age that has not undergone substantial rehabilitation, renovation, demolition, removal, or replacement, subject to any conditions prescribed in the ordinance; or

(C) is located in a deteriorating or deteriorated area with boundaries that have been determined by the municipality.

* Sec. 2. AS 29.45.050 is amended by adding a new subsection to read:
(x) A municipality may by ordinance partially or wholly exempt from taxation all or a portion of the increase in assessed value directly attributable to the subdivision of a single parcel of property into three or more parcels and any improvements made to the property necessitated by its subdivision. An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration. A municipality may also by ordinance provide that

(1) the exemption is terminated when
   (A) a lot in the subdivision is sold; or
   (B) a residential or commercial use is established on a lot in the subdivision; or

(2) the exemption continues for the unsold lots in the subdivision after
   (A) a lot in the subdivision is sold; or
   (B) a residential or commercial use is established on a lot in the subdivision.