



REPRESENTATIVE CATHY MUÑOZ

SPONSOR STATEMENT
CSHB 264 (COMMUNITY AND REGIONAL AFFAIRS)
VERSION I

"An Act allowing a deferral of municipal property taxes on the increase in the value of real property attributable to subdivision of that property; and providing for an effective date."

Passage of Committee Substitute for House Bill 264 (Community and Regional Affairs) will give municipalities the option to provide an incentive to develop land for housing by deferring for up to five years a property tax increase directly attributable to subdividing a piece of property into three or more parcels.

A tax deferral would apply to surveying and platting as well as making improvements necessitated by subdividing – for things such as putting in access roads, drainage ditches, and utility corridors.

The measure would give municipalities the flexibility to defer increases in property taxes on subdivided parcels until a lot is sold or until a residential or commercial building is constructed on a plot of land. It would allow a local government to adopt the optional deferral for all or a portion of a subdivided property and let it decide the terms of paying the tax deferral and when those payments are due.

Supporters of this measure say it would remove a disincentive for developing privately owned property by holding taxes at the undeveloped land value until improvements occur that lead to a parcel's being developed and sold – thus becoming more valuable and capable of generating more revenues for local governments that choose to exercise this option.

The purpose of the bill is to encourage land development for more housing and let local governments decide whether a property tax deferral will benefit them.

CSHB 264 (CRA) is supported by the Alaska State Home Building Association, the Alaska Association of Realtors, and the Juneau Affordable Housing Commission.