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Shutts
3/11/16

CS FOR HOUSE BILL NO. 370(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

A BILL

FOR AN ACT ENTITLED

"An Act relating to the time period for a municipal tax exemption for economic development property; limiting the tax exemptions of a municipality that is a school district to five years unless the tax exceeds the amount levied on other property; and limiting the definition of 'economic development property' to property that has not been used in the same trade or business in another municipality in the last six months."

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

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

(m) A municipality may by ordinance partially or totally exempt all or some types of economic development property from taxation for a designated period of time [UP TO FIVE YEARS]. The municipality may provide for renewal of the exemption under conditions established in the ordinance. However, [UNDER A RENEWAL,] a municipality that is a school district may only exempt for more than five years all or a portion of the amount of taxes if that amount exceeds the amount

levied on other property for the school district. A municipality may by ordinance permit deferral of payment of taxes on all or some types of economic development property for **a designated period** [UP TO FIVE YEARS]. The municipality may provide for renewal of the deferral under conditions established in the ordinance. A municipality may adopt an ordinance under this subsection only if, before it is adopted, copies of the proposed ordinance made available at a public hearing on it contain written notice that the ordinance, if adopted, may be repealed by the voters through referendum. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application for each exemption or deferral. In this subsection, "economic development property" means real or personal property, including developed property conveyed under 43 U.S.C. 1601 et seq. (Alaska Native Claims Settlement Act) [, THAT]

(1) **that has not been used in the same trade or business in another municipality for at least six months before the application for deferral or exemption is filed; this paragraph does not apply if the property was used in the same trade or business in an area that has been annexed to the municipality within six months before the application for deferral or exemption is filed; this paragraph does not apply to inventories; and**

(2) to which one or more of the following applies:

(A) the property has not previously been taxed as real or personal property by the municipality;

(B) the property [(2)] is used in a trade or business in a way that

(i) [(A)] creates employment in the municipality;

(ii) [(B)] generates sales outside of the municipality of goods or services produced in the municipality; or

(iii) [(C)] materially reduces the importation of goods or services from outside the municipality;

(C) an exemption or deferral on the property enables a significant capital investment in physical infrastructure that

(i) expands the tax base of the municipality; and

(ii) will generate property tax revenue after the exemption expires [AND

(3) HAS NOT BEEN USED IN THE SAME TRADE OR BUSINESS IN ANOTHER MUNICIPALITY FOR AT LEAST SIX MONTHS BEFORE THE APPLICATION FOR DEFERRAL OR EXEMPTION IS FILED; THIS PARAGRAPH DOES NOT APPLY IF THE PROPERTY WAS USED IN THE SAME TRADE OR BUSINESS IN AN AREA THAT HAS BEEN ANNEXED TO THE MUNICIPALITY WITHIN SIX MONTHS BEFORE THE APPLICATION FOR DEFERRAL OR EXEMPTION IS FILED; THIS PARAGRAPH DOES NOT APPLY TO INVENTORIES].