

CITY OF SEWARD

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28 March 2016

Honorable Representative Cathy Tilton,
Chair, House Community and Regional Affairs Committee

We write to support HB 370, an Act relating to municipal tax exemptions.

As State capital and operating budgets are reduced, local governments will have to find more creative ways to facilitate economic development projects. Tax exemption or deferral, with some restrictions, is a tool currently available to local governments, but is currently limited by statute (AS 29.45.050-m), to an initial five year term.

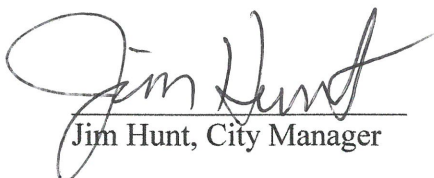
That may have worked well enough for some smaller projects, but today's larger and more capital intensive developments can't find enough certainty in a five year agreement that might not be renewed as part of a viable business plan. We believe that municipalities acting in their own interest would be better served by removing the five year restriction.

This bill removes the five year mandate, and adds protections requiring that the significant capital investment expand the tax base of the municipality and thereby increases tax revenues after the exemption or deferral expires.

The City of Seward has enjoyed tremendous State support in developing the Seward Marine Industrial Center Phase One. As we get nearer to Phase Two and beyond, we recognize that private capital will have to play a bigger role, and believe a broader range of options such as this bill will help us and local governments across the state in finding solutions.

Thank you for your consideration.

Respectfully yours,



Jim Hunt, City Manager