

HOUSE BILL NO. 156

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES TILTON, Grenn

Introduced: 3/6/17

Referred: Community and Regional Affairs

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to a municipal tax exemption or deferral for economic development**
2 **property."**

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

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

5 (m) A municipality may by ordinance partially or totally exempt all or some
6 types of economic development property from taxation for **a designated period** [UP
7 TO FIVE YEARS. THE MUNICIPALITY MAY PROVIDE FOR RENEWAL OF
8 THE EXEMPTION UNDER CONDITIONS ESTABLISHED IN THE
9 ORDINANCE. HOWEVER, UNDER A RENEWAL, A MUNICIPALITY THAT IS
10 A SCHOOL DISTRICT MAY ONLY EXEMPT ALL OR A PORTION OF THE
11 AMOUNT OF TAXES THAT EXCEEDS THE AMOUNT LEVIED ON OTHER
12 PROPERTY FOR THE SCHOOL DISTRICT]. A municipality may by ordinance
13 permit deferral of payment of taxes on all or some types of economic development
14 property for **a designated period** [UP TO FIVE YEARS. THE MUNICIPALITY

1 MAY PROVIDE FOR RENEWAL OF THE DEFERRAL UNDER CONDITIONS
 2 ESTABLISHED IN THE ORDINANCE]. A municipality may adopt an ordinance
 3 under this subsection only if, before it is adopted, copies of the proposed ordinance
 4 made available at a public hearing on it contain written notice that the ordinance, if
 5 adopted, may be repealed by the voters through referendum. An ordinance adopted
 6 under this subsection must include specific eligibility requirements and require a
 7 written application for each exemption or deferral. In this subsection, "economic
 8 development property" means real or personal property, including developed property
 9 conveyed under 43 U.S.C. 1601 et seq. (Alaska Native Claims Settlement Act) [,
 10 THAT]

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

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

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

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

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

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

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

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

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

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

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