

CS FOR SENATE BILL NO. 106(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 4/12/17

Referred: State Affairs

Sponsor(s): SENATOR COGHILL

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to a municipal tax exemption or deferral for economic development**
2 **property; and relating to a municipal tax exemption for a fire protection system."**

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 5 adopted, may be repealed by the voters through referendum.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) **to which one or more of the following applies:**

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

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

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

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

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

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

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

24 (ii) **will generate property tax revenue after the**
 25 **exemption expires; or**

26 (2) **that** [AND (3)] has not been used in the same trade or business in
 27 another municipality for at least six months before the application for deferral or
 28 exemption is filed; this paragraph does not apply if the property was used in the same
 29 trade or business in an area that has been annexed to the municipality within six
 30 months before the application for deferral or exemption is filed; this paragraph does
 31 not apply to inventories.

1 * **Sec. 2.** AS 29.45.050 is amended by adding a new subsection to read:

2 (y) A municipality may by ordinance exempt from taxation up to two percent
3 of the assessed value of a structure if the structure contains a fire protection system
4 that is approved under AS 18.70.081, in operating condition, and incorporated as a
5 fixture or part of the structure. An exemption under this subsection is limited to an
6 amount that does not exceed two percent of the value of the structure based on the
7 assessment

8 (1) for 1981, if the fire protection system was a fixture of the structure
9 on January 1, 1981; or

10 (2) as of January 1 of the year immediately following the installation
11 of the fire protection system, if the fire protection system became a fixture of the
12 structure after January 1, 1981.

13 * **Sec. 3.** AS 29.45.030(*l*) is repealed.