

CS FOR HOUSE BILL NO. 156()

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY

**Offered:
Referred:**

**Sponsor(s): REPRESENTATIVES TILTON, Grenn, Millett, Drummond, Spohnholz, Sullivan-Leonard,
Claman, Kopp**

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.**
7 **Except as otherwise provided by an ordinance enacted by the municipality before**
8 **January 1, 2017** [UP TO FIVE YEARS. THE MUNICIPALITY MAY PROVIDE
9 FOR RENEWAL OF THE EXEMPTION UNDER CONDITIONS ESTABLISHED
10 IN THE ORDINANCE. HOWEVER, UNDER A RENEWAL], a municipality that is
11 a school district may only exempt all or a portion of the amount of taxes that exceeds
12 the amount levied on other property for the school **district's required local**
13 **contribution under AS 14.17.410(b)(2)** [DISTRICT]. A municipality may by
14 ordinance permit deferral of payment of taxes on all or some types of economic

1 development property for **a designated period. A municipality may not apply an**
 2 **exemption or deferral under this subsection to taxes levied for special services in**
 3 **a service area that is supervised by a board under AS 29.35.460** [UP TO FIVE
 4 YEARS. THE MUNICIPALITY MAY PROVIDE FOR RENEWAL OF THE
 5 DEFERRAL UNDER CONDITIONS ESTABLISHED IN THE ORDINANCE]. A
 6 municipality may adopt an ordinance under this subsection only if, before it is
 7 adopted, copies of the proposed ordinance made available at a public hearing on it
 8 contain written notice that the ordinance, if adopted, may be repealed by the voters
 9 through referendum. An ordinance adopted under this subsection must include specific
 10 eligibility requirements and require a written application for each exemption or
 11 deferral. In this subsection, "economic development property" means real or personal
 12 property, including developed property conveyed under 43 U.S.C. 1601 et seq.
 13 (Alaska Native Claims Settlement Act) [, THAT]

14 (1) **to which one or more of the following applies:**

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

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

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

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

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

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

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

27 (ii) **will generate property tax revenue after the**
 28 **exemption expires; or**

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

1 trade or business in an area that has been annexed to the municipality within six
2 months before the application for deferral or exemption is filed; this paragraph does
3 not apply to inventories.