

Alaska State Legislature

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House Community and Regional Affairs Committee

HB 411: MUNICIPAL TAX EXEMPTIONS/DEFERRALS

Version B

Sponsor Statement

Current statute provides no avenues for a municipality to provide economic incentives, tax exemptions or deferrals, inside of a service area. House Bill 411 amends the current statute to allow for municipalities to use economic incentives in service areas through passage of an ordinance. The amended statute includes a 30-day window after the ordinance is passed to allow for the service area to reject the ordinance. This change would allow for municipalities to use economic incentives within services areas to stimulate economic growth.

The Covid 19 pandemic revealed an issue for the Fairbanks North Star borough when it came to using Federal funds for economic development. Because of the way that the current statute is written, there is ambiguity as to whether boroughs are able to use Federal funding in partnership with a city within its boundaries. HB 411 addresses this concern by adding “other funds” to current statute.

HB 411 also provides for further local control by adding a definition for economic development to Title 29. This new definition will provide each locality with the ability to develop and implement an economic development plan that fits their specific needs and challenges.

HB 411 is directed at allowing further economic development through local agreements between municipalities, service areas and the private sector. The changes made in statute ensure that a service area is still able to have a say in economic incentives used in their area, while also giving municipalities another tool to generate economic growth.

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