

**HOUSE CS FOR CS FOR SENATE BILL NO. 77(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - FIRST SESSION

**BY THE HOUSE FINANCE COMMITTEE**

**Offered: 5/16/23**

**Referred: Rules**

**Sponsor(s): SENATORS DUNBAR, Claman**

**REPRESENTATIVE Sumner**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to municipal property tax; and providing for an effective date."**

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

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

4 (m) A municipality may by ordinance partially or totally exempt all or some  
5 types of economic development property from taxation for a designated period.  
6 [EXCEPT AS OTHERWISE PROVIDED BY AN ORDINANCE ENACTED BY  
7 THE MUNICIPALITY BEFORE JANUARY 1, 2017, A MUNICIPALITY THAT IS  
8 A SCHOOL DISTRICT MAY ONLY EXEMPT ALL OR A PORTION OF THE  
9 AMOUNT OF TAXES THAT EXCEEDS THE AMOUNT LEVIED ON OTHER  
10 PROPERTY FOR THE SCHOOL DISTRICT'S REQUIRED LOCAL  
11 CONTRIBUTION UNDER AS 14.17.410(b)(2).] A municipality may by ordinance  
12 permit deferral of payment of taxes on all or some types of economic development  
13 property for a designated period. A municipality may apply an exemption or deferral  
14 under this subsection to taxes levied for special services in a service area that is  
15 supervised by an elected service area board under AS 29.35.460 unless the elected  
16 service area board objects to the exemption or deferral by resolution adopted not later

1 than 60 days after the effective date of the municipal ordinance enacting the tax  
 2 exemption or deferral. A municipality may adopt an ordinance under this subsection  
 3 only if, before it is adopted, copies of the proposed ordinance made available at a  
 4 public hearing on it contain written notice that the ordinance, if adopted, may be  
 5 repealed by the voters through referendum. An ordinance adopted under this  
 6 subsection must include specific eligibility requirements and require a written  
 7 application for each exemption or deferral.

8 \* **Sec. 2.** AS 29.45 is amended by adding a new section to read:

9 **Sec. 29.45.057. Levy of tax on blighted property.** (a) A municipality may  
 10 levy a tax on real property that the municipality designates as blighted if, before  
 11 levying the tax, the municipality adopts an ordinance that establishes

12 (1) standards for determining whether a property is blighted; the  
 13 standards must specify that a property is blighted if at least one of the following  
 14 applies:

15 (A) the condition of the property endangers public health and  
 16 safety;

17 (B) the property has been declared a public nuisance under a  
 18 local housing, building, plumbing, fire, or other related code or ordinance;

19 (C) the unsecured, vacant, or deteriorated state of the property  
 20 has caused it to become the subject or center of repeated illegal activity; or

21 (D) the property has been vacant for not less than one year and  
 22 is

23 (i) open to the elements;

24 (ii) unfit for occupancy; or

25 (iii) a fire hazard;

26 (2) a procedure for designating a property as blighted that provides to  
 27 the property's owner notice of the proposed designation and an opportunity to  
 28 challenge the designation at a hearing;

29 (3) the tax rate, not to exceed 50 percent of the annual property tax  
 30 assessed on a property, that applies to a property designated as blighted;

31 (4) standards for remediating or redeveloping a property to remove the

1 property's designation as blighted; and

2 (5) a reduced tax rate, and the duration of time that the reduced tax rate  
3 will apply, for a property that is undergoing remediation or redevelopment to remove  
4 the property's designation as blighted.

5 (b) For the owner of a property designated as blighted to qualify for a reduced  
6 tax rate established under (a)(5) of this section, the property owner must submit to the  
7 municipality a plan for remediating or redeveloping the property, the municipality  
8 must approve the plan, and the property owner must comply with the terms of the  
9 plan.

10 (c) An ordinance adopted under (a) of this section may require tax collected  
11 under this section to be segregated from other property tax and dedicated to  
12 community redevelopment purposes.

13 (d) A municipality may not designate as blighted a property owner's primary  
14 residence.

15 \* **Sec. 3.** AS 29.45.560 is amended by adding a new subsection to read:

16 (b) Home rule and first class cities inside boroughs may levy a tax under  
17 AS 29.45.057.

18 \* **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).