

**SENATE BILL NO. 158 am H**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

**BY SENATOR HUGGINS**

**REPRESENTATIVE Kohring**

**Amended: 5/7/05**

**Introduced: 4/1/05**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the determination of full and true value of taxable municipal**  
2 **property for purposes of providing planning assistance to the Department of Education**  
3 **and Early Development and the legislature, calculating funding for education,**  
4 **calculating school district participating shares for school construction grants, and**  
5 **calculating tax resource equalization payments and excluding from that determination**  
6 **the value of property in certain areas detached from a municipality and the value of**  
7 **certain property involved with oil and gas that is not taxed by a municipality; and**  
8 **prohibiting the imposition of municipal sales and use taxes on state construction**  
9 **contracts and certain subcontracts; and providing for an effective date."**

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

11 **\* Section 1.** AS 14.17.510(a) is amended to read:

12 (a) To determine the amount of required local contribution under

AS 14.17.410(b)(2) and to aid the department and the legislature in planning, the Department of Commerce, Community, and Economic Development, in consultation with the assessor for each district in a city or borough, shall determine the full and true value of the taxable real and personal property in each district in a city or borough. If there is no local assessor or current local assessment for a city or borough school district, then the Department of Commerce, Community, and Economic Development shall make the determination of full and true value from information available. In making the determination, the Department of Commerce, Community, and Economic Development shall be guided by AS 29.45.110. **However, the full and true value of taxable real and personal property in any area detached shall be excluded from the determination of the full and true value of the municipality from which the property was detached for the two years immediately preceding the effective date of the detachment. Also, in making the determination for a municipality that is a school district, or for a city that is within a borough school district, the assessed value of property taxable under AS 43.56 shall be excluded if a tax is not levied under AS 29.45.080 by the municipality that is the school district.** The determination of full and true value shall be made by October 1 and sent by certified mail, return receipt requested, on or before that date to the president of the school board in each city or borough school district. Duplicate copies shall be sent to the commissioner. The governing body of a city or borough that is a school district may obtain judicial review of the determination. The superior court may modify the determination of the Department of Commerce, Community, and Economic Development only upon a finding of abuse of discretion or upon a finding that there is no substantial evidence to support the determination.

\* **Sec. 2.** AS 29.10.200(51) is amended to read:

(51) AS 29.45.650(c), (d), (e), (f), (i), [AND] (j), **and (k)** (sales and use tax);

\* **Sec. 3.** AS 29.10.200(52) is amended to read:

(52) AS 29.45.700(d), [AND] (e), **and (g)** (sales and use tax);

\* **Sec. 4.** AS 29.45.650 is amended by adding a new subsection to read:

(k) A borough may not levy or collect a sales or use tax on a construction

1 contract awarded by the state or a state agency, or on a subcontract awarded in  
2 connection with the project funded under the construction contract. This subsection  
3 applies to home rule and general law municipalities.

4 \* **Sec. 5.** AS 29.45.700 is amended by adding a new subsection to read:

5 (g) A city may not levy or collect a sales or use tax on a construction contract  
6 awarded by the state or a state agency, or on a subcontract awarded in connection with  
7 the project funded under the construction contract. This subsection applies to home  
8 rule and general law cities.

9 \* **Sec. 6.** This Act takes effect immediately under AS 01.10.070(c).