

SENATE CS FOR CS FOR HOUSE BILL NO. 264(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/15/12

Referred: Rules

Sponsor(s): REPRESENTATIVES MUÑOZ, Chenault, Gara, Kerttula, Thompson, Kawasaki, Millett, Petersen, Johansen, Johnson, Gardner, Tuck

SENATORS Dyson, Huggins, Menard, Egan

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to municipal taxation of interests in property owned by the Alaska**
2 **Industrial Development and Export Authority and to the effect of the tax status of that**
3 **property on the local contribution for public education; allowing a deferral of municipal**
4 **property taxes on the increase in the value of real property attributable to subdivision of**
5 **that property; relating to municipal taxation of oil and gas production and pipeline**
6 **property; and providing for an effective date."**

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

8 *** Section 1.** AS 14.17.410(b) is amended to read:

9 (b) Public school funding consists of state aid, a required local contribution,
10 and eligible federal impact aid determined as follows:

11 (1) state aid equals basic need minus a required local contribution and
12 90 percent of eligible federal impact aid for that fiscal year; basic need equals the sum
13 obtained under (D) of this paragraph, multiplied by the base student allocation set out
14 in AS 14.17.470; district adjusted ADM is calculated as follows:

1 (A) the ADM of each school in the district is calculated by
2 applying the school size factor to the student count as set out in AS 14.17.450;

3 (B) the number obtained under (A) of this paragraph is
4 multiplied by the district cost factor described in AS 14.17.460;

5 (C) the ADMs of each school in a district, as adjusted
6 according to (A) and (B) of this paragraph, are added; the sum is then
7 multiplied by the special needs factor set out in AS 14.17.420(a)(1) and the
8 high school vocational education factor set out in AS 14.17.420(a)(3);

9 (D) the number obtained for intensive services under
10 AS 14.17.420(a)(2) and the number obtained for correspondence study under
11 AS 14.17.430 are added to the number obtained under (C) of this paragraph;

12 (E) notwithstanding (A) - (C) of this paragraph, if a school
13 district's ADM adjusted for school size under (A) of this paragraph decreases
14 by five percent or more from one fiscal year to the next fiscal year, the school
15 district may use the last fiscal year before the decrease as a base fiscal year to
16 offset the decrease, according to the following method:

17 (i) for the first fiscal year after the base fiscal year
18 determined under this subparagraph, the school district's ADM adjusted
19 for school size determined under (A) of this paragraph is calculated as
20 the district's ADM adjusted for school size, plus 75 percent of the
21 difference in the district's ADM adjusted for school size between the
22 base fiscal year and the first fiscal year after the base fiscal year;

23 (ii) for the second fiscal year after the base fiscal year
24 determined under this subparagraph, the school district's ADM adjusted
25 for school size determined under (A) of this paragraph is calculated as
26 the district's ADM adjusted for school size, plus 50 percent of the
27 difference in the district's ADM adjusted for school size between the
28 base fiscal year and the second fiscal year after the base fiscal year;

29 (iii) for the third fiscal year after the base fiscal year
30 determined under this subparagraph, the school district's ADM adjusted
31 for school size determined under (A) of this paragraph is calculated as

1 the district's ADM adjusted for school size, plus 25 percent of the
 2 difference in the district's ADM adjusted for school size between the
 3 base fiscal year and the third fiscal year after the base fiscal year;

4 (F) the method established in (E) of this paragraph is available
 5 to a school district for the three fiscal years following the base fiscal year
 6 determined under (E) of this paragraph only if the district's ADM adjusted for
 7 school size determined under (A) of this paragraph for each fiscal year is less
 8 than the district's ADM adjusted for school size in the base fiscal year;

9 (G) the method established in (E) of this paragraph does not
 10 apply to a decrease in the district's ADM adjusted for school size resulting
 11 from a loss of enrollment that occurs as a result of a boundary change under
 12 AS 29;

13 (2) the required local contribution of a city or borough school district is
 14 the equivalent of a four mill tax levy on the full and true value of the taxable real and
 15 personal property in the district, excluding property owned by the Alaska
 16 Industrial Development and Export Authority that is exempt from city or
 17 borough tax, as of January 1 of the second preceding fiscal year, as determined by the
 18 Department of Commerce, Community, and Economic Development under
 19 AS 14.17.510 and AS 29.45.110, not to exceed 45 percent of a district's basic need for
 20 the preceding fiscal year as determined under (1) of this subsection.

21 * **Sec. 2.** AS 14.17.410(c) is amended to read:

22 (c) In addition to the local contribution required under (b)(2) of this section, a
 23 city or borough school district in a fiscal year may make a local contribution of not
 24 more than the greater of

25 (1) the equivalent of a two mill tax levy on the full and true value of
 26 the taxable real and personal property in the district, excluding property owned by
 27 the Alaska Industrial Development and Export Authority that is exempt from
 28 city or borough tax, as of January 1 of the second preceding fiscal year, as
 29 determined by the Department of Commerce, Community, and Economic
 30 Development under AS 14.17.510 and AS 29.45.110; or

31 (2) 23 percent of the district's basic need for the fiscal year under

1 (b)(1) of this section.

2 * **Sec. 3.** AS 14.17.490(b) is amended to read:

3 (b) A city or borough school district is not eligible for additional funding
 4 authorized under (a) of this section unless, during the fiscal year in which the district
 5 receives funding under (a) of this section, the district received a local contribution
 6 equal to at least the equivalent of a four mill tax levy on the full and true value of the
 7 taxable real and personal property in the district, **excluding property owned by the**
 8 **Alaska Industrial Development and Export Authority that is exempt from city or**
 9 **borough tax**, as of January 1 of the second preceding fiscal year as determined by the
 10 Department of Commerce, Community, and Economic Development under
 11 AS 14.17.510 and AS 29.45.110.

12 * **Sec. 4.** AS 29.45 is amended by adding a new section to read:

13 **Sec. 29.45.051. Tax deferral for certain subdivided property.** (a) A
 14 municipality may by ordinance permit deferral of payment of taxes on all or a portion
 15 of the increase in assessed value directly attributable to

16 (1) the subdivision of a single parcel of property into three or more
 17 parcels; and

18 (2) any improvements made to the property necessitated by its
 19 subdivision.

20 (b) A deferral from taxation allowed under (a) of this section shall be limited
 21 to a maximum period of five years. A municipality may by ordinance provide for the
 22 deferral of payment of taxes permitted under (a) of this section to be of a shorter
 23 duration.

24 (c) Subject to (b) of this section, a municipality may also by ordinance provide
 25 that

26 (1) the deferral is terminated when

27 (A) a lot in the subdivision is sold; or

28 (B) a residential or commercial building is built on a lot in the
 29 subdivision; or

30 (2) the deferral continues for the unsold lots in the subdivision after

31 (A) a lot in the subdivision is sold; or

1 (B) a residential or commercial building is constructed on a lot
2 in the subdivision.

3 * **Sec. 5.** AS 29.45.080(a) is amended to read:

4 (a) A municipality may levy and collect taxes on **the full and true value of**
5 taxable property taxable under AS 43.56 **as valued by the Department of Revenue**
6 [ONLY BY USING ONE OF THE METHODS SET OUT IN (b) OR (c) OF THIS
7 SECTION].

8 * **Sec. 6.** AS 29.45.080(b), 29.45.080(c), 29.45.080(d), 29.45.080(e), 29.45.090(b),
9 29.45.090(c), 29.45.090(d); and AS 43.56.010(c) are repealed.

10 * **Sec. 7.** This Act takes effect July 1, 2012.