

HOUSE BILL NO. 370

IN THE LEGISLATURE OF THE STATE OF ALASKA
 TWENTY-NINTH LEGISLATURE - SECOND SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Introduced: 3/9/16

Referred: Community and Regional Affairs

A BILL**FOR AN ACT ENTITLED**

1 **"An Act relating to municipal tax exemptions."**

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 of**
 6 **time** [UP TO FIVE YEARS]. The municipality may provide for renewal of the
 7 exemption under conditions established in the ordinance. However, [UNDER A
 8 RENEWAL,] a municipality that is a school district may only exempt **for more than**
 9 **five years** all or a portion of the amount of taxes **if** that **amount** exceeds the amount
 10 levied on other property for the school district. A municipality may by ordinance
 11 permit deferral of payment of taxes on all or some types of economic development
 12 property for **a designated period** [UP TO FIVE YEARS]. The municipality may
 13 provide for renewal of the deferral under conditions established in the ordinance. A
 14 municipality may adopt an ordinance under this subsection only if, before it is
 15 adopted, copies of the proposed ordinance made available at a public hearing on it

1 contain written notice that the ordinance, if adopted, may be repealed by the voters
 2 through referendum. An ordinance adopted under this subsection must include specific
 3 eligibility requirements and require a written application for each exemption or
 4 deferral. In this subsection "economic development property" means real or personal
 5 property, including developed property conveyed under 43 U.S.C. 1601 et seq.
 6 (Alaska Native Claims Settlement Act) [, THAT]

7 (1) **that has not been used in the same trade or business in another**
 8 **municipality for at least six months before the application for deferral or**
 9 **exemption is filed; this paragraph does not apply if the property was used in the**
 10 **same trade or business in an area that has been annexed to the municipality**
 11 **within six months before the application for deferral or exemption is filed; this**
 12 **paragraph does not apply to inventories; and**

13 **(2) to which one or more of the following applies:**

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

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

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

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

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

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

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

26 **(ii) will generate property tax revenue after the**
 27 **exemption expires** [AND]

28 (3) HAS NOT BEEN USED IN THE SAME TRADE OR BUSINESS
 29 IN ANOTHER MUNICIPALITY FOR AT LEAST SIX MONTHS BEFORE THE
 30 APPLICATION FOR DEFERRAL OR EXEMPTION IS FILED; THIS
 31 PARAGRAPH DOES NOT APPLY IF THE PROPERTY WAS USED IN THE

1 SAME TRADE OR BUSINESS IN AN AREA THAT HAS BEEN ANNEXED TO
2 THE MUNICIPALITY WITHIN SIX MONTHS BEFORE THE APPLICATION
3 FOR DEFERRAL OR EXEMPTION IS FILED; THIS PARAGRAPH DOES NOT
4 APPLY TO INVENTORIES].