

CS FOR HOUSE BILL NO. 370(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 4/1/16

Referred: Rules

Sponsor(s): HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to a municipal tax exemption or deferral for economic development**
2 **property."**

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

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

5 (m) A municipality may by ordinance partially or totally exempt all or some
6 types of economic development property from taxation for **a designated time period**
7 [UP TO FIVE YEARS. THE MUNICIPALITY MAY PROVIDE FOR RENEWAL
8 OF THE EXEMPTION UNDER CONDITIONS ESTABLISHED IN THE
9 ORDINANCE. HOWEVER, UNDER A RENEWAL, A MUNICIPALITY THAT IS
10 A SCHOOL DISTRICT MAY ONLY EXEMPT ALL OR A PORTION OF THE
11 AMOUNT OF TAXES THAT EXCEEDS THE AMOUNT LEVIED ON OTHER
12 PROPERTY FOR THE SCHOOL DISTRICT]. A municipality may by ordinance
13 permit deferral of payment of taxes on all or some types of economic development
14 property for **a designated time period** [UP TO FIVE YEARS. THE

1 MUNICIPALITY MAY PROVIDE FOR RENEWAL OF THE DEFERRAL UNDER
 2 CONDITIONS ESTABLISHED IN THE ORDINANCE]. A municipality may adopt
 3 an ordinance under this subsection only if, before it is adopted, copies of the proposed
 4 ordinance made available at a public hearing on it contain written notice that the
 5 ordinance, if adopted, may be repealed by the voters through referendum. An
 6 ordinance adopted under this subsection must include specific eligibility requirements
 7 and require a written application for each exemption or deferral. In this subsection,
 8 "economic development property" means real or personal property, including
 9 developed property conveyed under 43 U.S.C. 1601 et seq. (Alaska Native Claims
 10 Settlement Act) [, THAT]

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

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

18 (A) the property has not previously been taxed as real or
 19 personal property by the municipality;

20 (B) the property [(2)] is used in a trade or business in a way
 21 that

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

23 (ii) [(B)] generates sales outside of the municipality of
 24 goods or services produced in the municipality; or

25 (iii) [(C)] materially reduces the importation of goods or
 26 services from outside the municipality;

27 (C) an exemption or deferral on the property enables a
 28 significant capital investment in physical infrastructure that

29 (i) expands the tax base of the municipality; and

30 (ii) will generate property tax revenue after the
 31 exemption expires [AND]

1 (3) HAS NOT BEEN USED IN THE SAME TRADE OR BUSINESS
2 IN ANOTHER MUNICIPALITY FOR AT LEAST SIX MONTHS BEFORE THE
3 APPLICATION FOR DEFERRAL OR EXEMPTION IS FILED; THIS
4 PARAGRAPH DOES NOT APPLY IF THE PROPERTY WAS USED IN THE
5 SAME TRADE OR BUSINESS IN AN AREA THAT HAS BEEN ANNEXED TO
6 THE MUNICIPALITY WITHIN SIX MONTHS BEFORE THE APPLICATION
7 FOR DEFERRAL OR EXEMPTION IS FILED; THIS PARAGRAPH DOES NOT
8 APPLY TO INVENTORIES].