

SENATE CS FOR CS FOR HOUSE BILL NO. 370(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 4/15/16

Referred: Finance

Sponsor(s): HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to military facility zones; and relating to a municipal tax exemption or**
2 **deferral for economic development property."**

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

4 * **Section 1.** AS 26.30.020(c) is amended to read:

5 (c) The adjutant general shall consider the following factors before
6 designating an area as a military facility zone:

7 (1) whether the proposed military facility zone designation is
8 consistent with the comprehensive plan of the municipality **or local zoning**
9 **ordinances;**

10 (2) whether it is feasible to develop sites within the proposed zone for
11 purposes of industrial or economic development, residential use, and workforce
12 training or education beneficial to the facility;

13 (3) whether the municipality has targeted the area for revitalization in a
14 plan or ordinance;

1 (4) the relationship between the area and a military facility subject to
 2 realignment or closure under 10 U.S.C. 2687, as amended, or a successor statute or the
 3 effect of the realignment or closure on the area;

4 (5) the availability, cost, and condition of existing business and
 5 educational facilities to support the military facility or facility of a civilian agency;

6 (6) the difference between the median annual income of residents of
 7 the area and the median annual income of residents of the state and region, and the
 8 number of residents who receive public assistance;

9 (7) the number of residents of the area who receive unemployment,
 10 and the ability of the municipality to improve social and economic conditions of the
 11 area;

12 (8) the need for financing for small businesses that would improve
 13 social and economic conditions in the area;

14 (9) any plans or financial commitments of municipalities to improve
 15 the area;

16 (10) any plans or financial commitments of private entities to improve
 17 the area;

18 (11) the municipality's participation in economic development
 19 activities, including proposals for public or private development;

20 (12) support from community or business organizations in the area;

21 (13) the availability of workforce readiness programs, including
 22 workforce recruiting and training support or educational research and curriculum
 23 support in the area;

24 (14) the availability or plans for the creation of workforce housing
 25 options for residents of the area; and

26 (15) the fiscal effect on the state if the area were to be designated a
 27 military facility zone.

28 * **Sec. 2.** AS 29.45.050(m) is amended to read:

29 (m) A municipality may by ordinance partially or totally exempt all or some
 30 types of economic development property from taxation for up to 30 [FIVE] years.
 31 [THE MUNICIPALITY MAY PROVIDE FOR RENEWAL OF THE EXEMPTION

1 UNDER CONDITIONS ESTABLISHED IN THE ORDINANCE. HOWEVER,
 2 UNDER A RENEWAL, A MUNICIPALITY THAT IS A SCHOOL DISTRICT
 3 MAY ONLY EXEMPT ALL OR A PORTION OF THE AMOUNT OF TAXES
 4 THAT EXCEEDS THE AMOUNT LEVIED ON OTHER PROPERTY FOR THE
 5 SCHOOL DISTRICT.] A municipality may by ordinance permit deferral of payment
 6 of taxes on all or some types of economic development property for up to 30 [FIVE]
 7 years. An exemption or deferral authorized by this subsection may not be applied
 8 to reduce the taxes levied in a service area to fund the special services unless the
 9 service area board or, if the service area does not have a service area board with
 10 at least two sitting members, the assembly, evaluates the potential effects on the
 11 special services of the service area and, by a majority vote, applies the exemption
 12 or deferral. [THE MUNICIPALITY MAY PROVIDE FOR RENEWAL OF THE
 13 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
 16 contain written notice that the ordinance, if adopted, may be repealed by the voters
 17 through referendum. An ordinance adopted under this subsection must include specific
 18 eligibility requirements and require a written application for each exemption or
 19 deferral. In this subsection, "economic development property" means real or personal
 20 property, including developed property conveyed under 43 U.S.C. 1601 et seq.
 21 (Alaska Native Claims Settlement Act), [THAT]

22 (1) that has not been used in the same trade or business in another
 23 municipality for at least six months before the application for deferral or
 24 exemption is filed; this paragraph does not apply if the property was used in the
 25 same trade or business in an area that has been annexed to the municipality
 26 within six months before the application for deferral or exemption is filed; this
 27 paragraph does not apply to inventories; or

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

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

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

that

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

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

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

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

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

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

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