

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version:	CSHB 156(CRA)
Fiscal Note Number:	1
(H) Publish Date:	5/17/2017

Identifier: HB156CS(CRA)-DCCED-DCRA-05-15-17
 Title: MUNI TAX EXEMPTION: ECON DEVEL
 PROPERTY
 Sponsor: TILTON
 Requester: (H) Community and Regional Affairs

Department: Department of Commerce, Community and
 Economic Development
 Appropriation: Community and Regional Affairs
 Allocation: Community and Regional Affairs
 OMB Component Number: 2879

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Updated to reflect the Community and Regional Affairs committee substitute.

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Division:	Community and Regional Affairs	Date:	05/15/2017 11:45 AM
Approved By:	Catherine Reardon, Director	Date:	05/15/17
Agency:	Division of Administrative Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

Analysis

The House Community and Regional Affairs version of HB 156 amends existing property tax exemptions for the Alaska Industrial Development and Export Authority to include operating agreements. There are two entities, Red Dog Mine and the Alaska Ship and Drydock currently impacted by this amendment.

The proposed changes to AS 29.45.030(a)(1) would change the current exemption for the Alaska Ship and Drydock from an optional to a mandatory exemption. Under the optional exemption, Ketchikan Gateway Borough's annual Required Local Contribution (RLC) payment for the possessory interest value of the shipyard was \$72,149 for 2016. For purposes of this fiscal note the \$72,149 per year represents the RLC but this number may change in the future. If the bill as amended is adopted, the obligation for this funding for the local school district would shift and become the funding obligation of the State of Alaska.

The statutory exemption for Red Dog Mine sunsets this year. Under this bill, the Red Dog Mine would continue the prior exemption which results in shifting the municipality's RLC to the State of Alaska. According to the state assessor's office this expense is approximately \$800,000 per year.

AS 29.45.050(m) provides local communities the ability to offer a full or partial optional property tax exemption or tax deferral to economic development property for up to five years. HB 156 removes the 5-year limitation and allows local communities to specify their own designated period which could exceed five years.

Current law specifies that an economic development property must meet the requirements of AS 29.45.050(m)(1), (2) & (3) to qualify for the exemption/deferral. HB 156 would require that an applicant qualify for only one of the criteria that are provided in the bill.

As this is an optional exemption, the local government would be required to maintain current valuations of the property and report them to the State Assessor for inclusion in the Full Value Determination for the community. The Division of Community and Regional Affairs does not anticipate a fiscal impact from this legislation.