

# Fiscal Note

State of Alaska  
2017 Legislative Session

Bill Version:	CSHB 156(CRA)
Fiscal Note Number:	2
(H) Publish Date:	5/17/2017

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

Department: Department of Education and Early Development  
 Appropriation: K-12 Aid to School Districts  
 Allocation: Foundation Program  
 OMB Component Number: 141

## Expenditures/Revenues

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

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

## Fund Source (Operating Only)

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**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 If yes, by what date are the regulations to be adopted, amended or repealed?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:

Not applicable, initial version.

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Division:	School Finance & Facilities / Education Support Services	Date:	05/15/2017 04:00 PM
Approved By:	Dr. Michael Johnson, Commissioner	Date:	05/15/17
Agency:	Department of Education & Early Development		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2017 LEGISLATIVE SESSION

## Analysis

HB156 CS proposed changes to AS 29.45.030(a)(1)(A) 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 RLC for the Ketchikan Gateway School District would shift and become the funding obligation of the State of Alaska under AS 14.17.410 Public School Funding program.

Additionally, 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 under AS 14.17.410. According to the state assessor's office this expense is currently estimated at \$800,000 per year.

It is understood the exemption for these two entities will begin with calendar year 2018. Since there is a two year lag in the assessed full and true values being applied to the public school funding formula under AS 14.17.410, the cost to the state would not be realized until FY2020.

**The funding mechanism is a general fund transfer to the Public Education Fund (PEF). The fiscal note effect for FY2018 through FY2023 is reported in the fiscal note for the PEF, as the funding is deposited to the PEF not into the Foundation Program funding component. The above analysis is presented here for explanation purposes only.**