

Fiscal Note

State of Alaska
2017 Legislative Session

| | |
|---------------------|---------------|
| Bill Version: | CSHB 156(CRA) |
| Fiscal Note Number: | 3 |
| (H) Publish Date: | 5/17/2017 |

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

Department: Fund Capitalization
 Appropriation: Fund Capitalization (no approps out)
 Allocation: Public Education Fund (starts FY17)
 OMB Component Number: 2804

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 | | | | 872.0 | 872.0 | 872.0 | 872.0 |
| Miscellaneous | | | | | | | |
| Total Operating | 0.0 | 0.0 | 0.0 | 872.0 | 872.0 | 872.0 | 872.0 |

Fund Source (Operating Only)

| | | | | | | | |
|---------------------|------------|------------|------------|--------------|--------------|--------------|--------------|
| 1004 Gen Fund (UGF) | | | | 872.0 | 872.0 | 872.0 | 872.0 |
| Total | 0.0 | 0.0 | 0.0 | 872.0 | 872.0 | 872.0 | 872.0 |

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:

Not applicable, initial version.

| | | | |
|--------------|----------------------------------------------------------|--------|---------------------|
| Prepared By: | Heidi Teshner, Director | Phone: | (907)465-2875 |
| 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.