

HOUSE BILL NO. 411

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Introduced: 4/4/22

Referred: Community and Regional Affairs

A BILL**FOR AN ACT ENTITLED**

1 **"An Act relating to municipal tax exemptions and deferrals on 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 period. Except
7 as otherwise provided by an ordinance enacted by the municipality before January 1,
8 2017, a municipality that is a school district may only exempt all or a portion of the
9 amount of taxes that exceeds the amount levied on other property for the school
10 district's required local contribution under AS 14.17.410(b)(2). A municipality may by
11 ordinance permit deferral of payment of taxes on all or some types of economic
12 development property for a designated period. A municipality may [NOT] apply an
13 exemption or deferral under this subsection to taxes levied for special services in a
14 service area that is supervised by a service area board under AS 29.35.460 unless the

board objects to the exemption or deferral by resolution adopted not later than 30 days after the effective date of the municipal ordinance enacting the tax exemption or deferral. A municipality may adopt an ordinance under this subsection only if, before it is adopted, copies of the proposed ordinance made available at a public hearing on it contain written notice that the ordinance, if adopted, may be repealed by the voters through referendum. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application for each exemption or deferral. In this subsection, "economic development property" means real or personal property, including developed property conveyed under 43 U.S.C. 1601 et seq. (Alaska Native Claims Settlement Act),

(1) to which one or more of the following apply:

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

(B) the property is used in a trade or business in a way that

- (i) creates employment in the municipality;
- (ii) generates sales outside of the municipality of goods or services produced in the municipality; or
- (iii) 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; or

(2) that 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.