

CS FOR HOUSE BILL NO. 411(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 4/20/22

Referred: Rules

Sponsor(s): HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to municipal economic development; relating to municipal tax**
2 **exemptions and deferrals on economic development property; and relating to economic**
3 **development."**

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

5 * **Section 1.** AS 29.35.110(c) is amended to read:

6 (c) Notwithstanding (a) of this section, a borough that has entered into an
7 agreement with a city located in the borough to cooperatively or jointly provide for
8 economic development may use borough revenue from taxes **or funding from other**
9 **sources** [, WHETHER COLLECTED ON AN AREAWIDE OR NONAREAWIDE
10 BASIS,] to carry out the terms of the agreement.

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

12 (m) A municipality may by ordinance partially or totally exempt all or some
13 types of economic development property from taxation for a designated period. Except
14 as otherwise provided by an ordinance enacted by the municipality before January 1,

2017, a municipality that is a school district may only exempt all or a portion of the amount of taxes that exceeds the amount levied on other property for the school district's required local contribution under AS 14.17.410(b)(2). A municipality may by ordinance permit deferral of payment of taxes on all or some types of economic development property for a designated period. A municipality may [NOT] apply an exemption or deferral under this subsection to taxes levied for special services in a 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ordinance made available at a public hearing on it contain written notice that the ordinance, if adopted, may be repealed by the voters through referendum.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;

1 (C) AN EXEMPTION OR DEFERRAL ON THE PROPERTY
 2 ENABLES A SIGNIFICANT CAPITAL INVESTMENT IN PHYSICAL
 3 INFRASTRUCTURE THAT

4 (i) EXPANDS THE TAX BASE OF THE
 5 MUNICIPALITY; AND

6 (ii) WILL GENERATE PROPERTY TAX REVENUE
 7 AFTER THE EXEMPTION EXPIRES; OR

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

16 * **Sec. 3.** AS 29.71.800 is amended by adding a new paragraph to read:

17 (26) "economic development" means an action intended to result in an
 18 outcome that causes an increase in, or avoids a decrease of, economic activity, gross
 19 domestic product, or the tax base.