

1 IN THE HOUSE

BY MRS. RYAN BY REQUEST

2

HOUSE BILL NO. 141

3

IN THE LEGISLATURE OF THE TERRITORY OF ALASKA

4

TWENTY-THIRD SESSION

5

A BILL

6

For an Act Entitled: "An Act relating to the classification of
7 property of new industries for purposes of
8 taxation and the granting of exemption from
9 taxation; amending Sections 1, 2 & 3 of
10 Ch. 33, SLA 1953; and establishing an
11 effective date."

12 BE IT ENACTED BY THE LEGISLATURE OF THE TERRITORY OF ALASKA:

13 Section 1. Sec. 1 of Ch. 33, SLA 1953 is hereby amended to
14 read as follows:

15 Sec. 1. All municipalities, cities of the first and
16 second class, incorporated and independent school districts,
17 public utility districts, and other taxing units of the
18 Territory having power to tax real and personal property,
19 are hereby authorized and empowered to classify property for
20 the purpose of taxation and to grant exemptions therefrom
21 for the periods herein prescribed to certain classes of
22 property as follows:

23 (a) New industrial, commercial and business con-
24 struction may be specially classified and exempted dur-
25 ing the period of construction and until the plants or
26 buildings are occupied or operated, but in no case shall
27 this exemption exceed three taxable years from the time
28 of commencement of construction. Modifications and
29 repairs to existing structures shall not be considered

1 as new construction under this provision.

2 (b) All land, buildings, new plants, equipment
3 and installations as are constructed, procured, pur-
4 chased or installed by new industrial enterprises as
5 herein defined to manufacture or process products which
6 constitute industry new to the taxing unit wherein it
7 is located, with resultant establishment of new pay-
8 rolls in such taxing unit ∫; PROVIDED THAT ∫, as
9 follows:

10 (1) The term "new industry" or "new indus-
11 trial enterprise" as used herein shall mean under-
12 takings for the purpose of manufacturing or proces-
13 sing products not successfully manufactured or
14 processed in the taxing unit and for which plants
15 have not already been constructed and placed in
16 operation in the taxing unit ∫; AND PROVIDED
17 FURTHER, THAT ∫.

18 (2) The exemption from taxation granted under
19 this subdivision (b) shall not be more than one-
20 half of the tax otherwise imposed by law, after
21 giving effect to the valuation provided for in the
22 following subsection (3), and shall continue for
23 not more than 10 taxable years from the date pro-
24 duction is commenced.

25 (3) In determining the true and full value of
26 all property which is classified and granted any
27 exemption from taxation under this subdivision (b),
28 and all additions and improvements made during the
29 continuance of the exemption, due credit shall be

1 given to the higher costs of constructing and
2 operating any such new industry or new industrial
3 enterprise in Alaska as compared with such costs
4 in respect to similar competitive industries and
5 industrial enterprises elsewhere. For purposes of
6 taxation, there may be established in respect to
7 such property, additions and improvements a fixed,
8 assessed valuation or basis of assessed valuation,
9 which shall continue throughout the period of
10 exemption.

11 (4) If costs are used as a basis for estab-
12 lishing a valuation, as provided in subsection (3),
13 then the term "costs" shall mean the aggregate of
14 the amounts actually paid for the acquisition of
15 land, construction of buildings, improvements and
16 fixtures, and the costs of machinery and appliances
17 installed, tools and equipment used or intended
18 for use in connection with a new industry or new
19 industrial enterprise and charged to the fixed
20 property accounts of the taxpayer in accordance
21 with sound accounting principles.

22 Section 2. Sec. 2 of Ch. 33, SLA 1953, is hereby amended to
23 read as follows:

24 Sec. 2. (a) In determining the eligibility of appli-
25 cants for exemptions hereunder, and the extent to which
26 exemptions are to be granted, the governing body or taxing
27 body of the city, municipality, school district or other
28 taxing unit concerned shall consider the following factors:
29 whether a competitive industry or industrial enterprise

1 has been established in other parts of Alaska and the extent
2 to which it has been granted any exemption from taxation;
3 the permanence of the industry or industrial enterprise in
4 respect to which application for tax exemption is made; the
5 amount of its capital investment; whether it is a seasonal
6 or continuous business; whether its business will be marginal
7 because of distance from principal markets; transportation
8 costs and differential in costs of production in Alaska as
9 compared to costs of production elsewhere; the number of
10 resident workmen who are or will be employed; whether the
11 maximum amount of the manufacturing process is to take place
12 within the taxing unit; and other pertinent factors relating
13 to improving the economy of the taxing unit.

14 (b) If the governing body or taxing body of the city,
15 municipality, school district or other taxing unit concerned,
16 ~~SHALL IF IT DECIDES~~ determines after public hearing to
17 grant the exemptions or abatements permitted herein, it shall
18 do so by appropriate ordinance or resolution, which ordin-
19 ance or resolution shall constitute a contract between the
20 city, municipality, school district or taxing unit, and the
21 owner of the property, or his or its assigns, so classified
22 and exempted from taxation in whole or in part under the pro-
23 visions of this Act.

24 Section 5. Section 3 of Ch. 33, SLA 1953, is hereby amended
25 to read as follows:

26 So c. 3 (a) Subject to the provisions of subsection
27 (b) of this section, all exemptions granted in whole or in
28 part, and all classifications heretofore made under the pro-
29 visions of Section 6, Ch. 10, SLA 1949, shall remain in full

1 force and effect upon the terms and for the periods granted,
2 and shall be binding upon the Territory, and all cities,
3 municipalities, school districts, public utility districts
4 and other taxing units in which the property which is the
5 subject of classification or exemption is situated, and the
6 exemptions granted or classifications so made shall apply
7 to all taxes levied and assessed by the Territory and by
8 all cities, municipalities, school districts, public utility
9 districts or other taxing units where the property is situ-
10 ated, as fully as though they had been granted or made under
11 the provisions of this Act. The purpose and intent of this
12 section is to carry into practical effect all classifications
13 made and exemptions granted under the provisions of Ch. 10,
14 SLA 1949.

15 (b) The valuation provided for in subsection (b) (3)
16 of Section 1 of this Act, and the exemption resulting there-
17 from, may be given a retrospective effect to all property
18 which has been classified and granted any exemptions from
19 taxation under the provisions of Section 6, Ch. 10, SLA 1949
20 and to all additions and improvements which have been or
21 which will be made during the continuance of the exemption.

22 Section 4. An emergency is hereby declared to exist and this
23 Act shall be in full force and effect from and after the date of
24 its passage and approval.