

1 IN THE SENATE

BY SENATOR RIVERS

2

SENATE BILL NO. 121

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  
property of new industries for purposes of  
taxation and the granting of exemption from  
taxation; amending Sections 1, 2 and 3 of  
Chapter 33, SLA 1953; and declaring an  
emergency."

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

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

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

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(a) New industrial, commercial and business con-  
struction may be specially classified and exempted during  
the period of construction and until the plants or buildings  
are occupied or operated, but in no case shall this exemption  
exceed three taxable years from the time of commencement of  
construction. Modifications and repairs to existing struc-  
tures shall not be considered as new construction under this

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1 provision.

2 (b) All land, buildings, new plants, equipment  
3 and installations as are constructed, procured, purchased  
4 or installed by new industrial enterprises as herein defined  
5 to manufacture or process products which constitute industry  
6 new to the taxing unit wherein it is located, with resultant  
7 establishment of new payrolls in such taxing unit as follows:

8 ☐ PROVIDED THAT

9 (1) The ☐ term "new industry" or "new indus-  
10 trial enterprise" as used herein shall mean undertakings  
11 for the purpose of manufacturing or processing products  
12 not successfully manufactured or processed in the taxing  
13 unit and for which plants have not already been con-  
14 structed and placed in operation in the taxing unit.

15 ☐ AND PROVIDED FURTHER, THAT

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

22 (3) In determining the true and full value  
23 of all property which is classified and granted any  
24 exemption from taxation under this subdivision (b), and  
25 all additions and improvements made during the continu-  
26 ance of the exemption, due credit shall be given to the  
27 higher costs of constructing and operating any such new  
28 industry or new industrial enterprise in Alaska as com-  
29 pared with such costs in respect to similar competitive

1 industries and industrial enterprises elsewhere. For  
2 purposes of taxation, there may be established in res-  
3 pect to such property, additions and improvements a  
4 fixed assessed valuation or basis of assessed valuation,  
5 which shall continue throughout the period of exemption.

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

16 Section 2. Sec. 2, Ch. 33, SLA 1953, is hereby amended to  
17 read as follows:

18 Section 2. (a) In determining the eligibility of  
19 applicants for exemptions hereunder, and the extent to which  
20 exemptions are to be granted, the governing body or taxing  
21 body of the city, municipality, school district or other  
22 taxing unit concerned shall consider the following factors;  
23 whether a competitive industry or industrial enterprise has  
24 been established in other parts of Alaska and the extent to  
25 which it has been granted any exemption from taxation; the  
26 permanence of the industry or industrial enterprise in  
27 respect to which application for tax exemption is made; the  
28 amount of its capital investment; whether it is a seasonal  
29 or continuous business; whether its business will be marginal

1 because of distance from principal markets; transportation  
2 costs and differential in costs of production in Alaska as  
3 compared to costs of production elsewhere; the number of  
4 resident workmen who are or will be employed; whether the  
5 maximum amount of the manufacturing process is to take place  
6 within the taxing unit; and other pertinent factors relating  
7 to improving the economy of the taxing unit.

8 (b) If /T/ the governing body or taxing body of  
9 the city, municipality, school district or other taxing unit  
10 concerned determines after public hearing /SHALL, IF IT  
11 DESIRES/ to grant the exemptions or abatements permitted  
12 herein, it shall do so by appropriate ordinance or resolu-  
13 tion, which ordinance or resolution shall constitute a con-  
14 tract between the city, municipality, school district or  
15 taxing unit, and the owner of the property, or his or its  
16 assigns, so classified and exempted from taxation in whole  
17 or in part under the provisions of this Act.

18 Section 3. Sec. 3, Ch. 33, SLA 1953, is hereby amended to  
19 read as follows:

20 Section 3. (a) Subject to the provisions of subsection  
21 (b) of this section, /A/ all exemptions granted in whole  
22 or in part, and all classifications heretofore made under the  
23 provisions of Section 6, Chapter 10, Session Laws of Alaska  
24 1949, shall remain in full force and effect upon the terms  
25 and for the periods granted, and shall be binding upon the  
26 Territory, and all cities, municipalities, school districts,  
27 public utility districts and other taxing units in which the  
28 property which is the subject of classification or exemption  
29 is situated, and the exemptions granted or classifications

1 so made shall apply to all taxes levied and assessed by the  
2 Territory and by all cities, municipalities, school districts,  
3 public utility districts [CITY, MUNICIPALITY, SCHOOL DIS-  
4 TRICT, PUBLIC UTILITY DISTRICT] or other taxing units where  
5 the property is situated, as fully as though they had been  
6 granted or made under the provisions of this Act. The pur-  
7 pose and intent of this section is to carry into practical  
8 effect all classifications made and exemptions granted under  
9 the provisions of Chapter 10, Session Laws of Alaska 1949.

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

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