

1 IN THE HOUSE

BY MESSRS. LEONARD,
BAGGEN, AND KUBLEY

2 HOUSE BILL NO. 238

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SECOND LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state established ex-
7 emptions from local government taxes;
8 amending Sec. 1 and Sec. 2 of Ch. 129, SLA
9 1957; repealing Sec. 33, Ch. 93, SLA 1959,
10 as amended by Ch. 66, SLA 1960; amending
11 Subsec. Ninth: (a) of Sec. 16-1-35, ACLA
12 1949, as amended by Ch. 121, SLA 1953;
13 and providing for an effective date."

14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

15 Section 1. PURPOSE. The legislature finds that the
16 practice of enacting laws on the state level which exempt proper-
17 ty from local taxation is contrary to the concepts of home rule
18 as set forth in Art. X of the Constitution of the State of Alaska
19 and has a serious effect on the ability of local units of govern-
20 ment to secure necessary revenues to meet the increasing respon-
21 sibilities of those local government units. It is the purpose
22 of this Act to remove such exemptions.

23 Sec. 2. Par. 1, Subsec. (b), Sec. 1, Ch. 129, SLA 1957, is
24 amended to read:

25 (b) The property of exempted business used in the
26 development, organization, construction, establishment or
27 operation of the activity which gives rise to the exemption
28 as well as personal property devoted to industrial develop-
29 ment, shall not be subject to taxes of the state [TERRITORY

1 OR ANY POLITICAL SUBDIVISION THEREOF] on real and personal
2 property for the periods set forth below and which shall be
3 counted from the first of January of the year in which the ex-
4 empted business commences its operations whenever said business
5 owns as of that date such property or utilizes property devot-
6 ed to industrial development, or in cases to the contrary,
7 such periods shall be counted from the first of January of the
8 year following the year in which the exempted business com-
9 mences the activities that give rise to its exemption.

10 Sec. 3. Subsec. (c), Sec. 1, Ch. 129, SLA 1957, is amended
11 to read:

12 (c) Exempted business shall not be subject to license
13 fees, excises or other taxes levied by the state [TERRITORY
14 OR ANY POLITICAL SUBDIVISION THEREOF,] for a period of ten
15 years from the date when the business begins its operations
16 as certified to by the Board except contributions to the
17 Alaska Unemployment Compensation Fund.

18 Sec. 4. Subsec. (f), Sec. 1, Ch. 129, SLA 1957, is amended
19 to read:

20 (f) The Board may, in the exercise of sound discretion,
21 grant a partial exemption from the taxes hereinabove speci-
22 fied when the best interest of the state [TERRITORY OR ANY
23 POLITICAL SUBDIVISION THEREOF] appears to be best served by
24 such partial exemption.

25 Sec. 5. Subsec. (d) (7), Sec. 2, Ch. 129, SLA 1957, is
26 amended to read:

27 (7) The Board may, in the exercise of sound dis-
28 cretion, refuse the tax exemption in any of the cases
29 enumerated in paragraphs (1), (2) and (3) of this subsection

1 (d), if, in its judgment, the commodity produced or to be
2 produced by the applicant will, because of its use or other
3 factors, displace, or, with a substantial advantage by
4 reason of the tax exemption, compete with, commodities
5 produced by industries established in Alaska [, OR THAT THE
6 EXEMPTIONS WILL JEOPARDIZE THE FINANCIAL CONDITION OF ANY
7 POLITICAL SUBDIVISION] ; provided, however, that notwith-
8 standing the foregoing, the Board may grant the tax exemp-
9 tion when, in its judgment, the eligible petitioning
10 industry is of a substantial benefit to the general
11 economy of Alaska on the score of anticipated substantial
12 increases in production to supply markets outside Alaska;
13 or to supply an existing demand in Alaska which has not
14 been previously supplied in substantial quantities, and in
15 view of the investment, technology and new jobs involved.
16 In granting tax exemption to any industry under such cir-
17 cumstances, the Board may, on petition of an interested
18 party filed prior to the final finding herein provided,
19 grant said exemption to those other existing industries
20 which manufacture such similar commodities which, in its
21 judgment, will stand substantially affected by the substi-
22 tution or competition to which this paragraph refers.

23 Sec. 6. Sec. 33, Ch. 93, SLA 1959, as amended by Ch. 66,
24 SLA 1960, is repealed.

25 Sec. 7. Subsec. Ninth: (a) of Sec. 16-1-35, ACLA 1940, as
26 amended by Ch. 121, SLA 1953, is amended to read:

27 Ninth: (a) GENERAL TAX FOR SCHOOL AND MUNICIPAL PUR-
28 POSSES. To assess, levy and collect a general tax for school
29 and municipal purposes not to exceed 3 per centum of the

1 assessed valuation upon all real and personal property, and
2 to enforce the collection of such lien by foreclosure, levy,
3 distress and sale as provided in Ch. 174, SLA 1957, as
4 amended by Ch. 166, SLA 1959. [PROVIDED, HOWEVER, THAT ALL
5 PROPERTY BELONGING TO THE MUNICIPALITY OR THE TERRITORY,
6 AND THE HOUSEHOLD FURNITURE OF THE HEAD OF THE FAMILY OR A
7 HOUSEHOLDER, NOT EXCEEDING TWO HUNDRED DOLLARS (\$200.00) IN
8 VALUE, AS WELL AS ALL PROPERTY USED EXCLUSIVELY FOR
9 RELIGIOUS, EDUCATIONAL, CHARITABLE PURPOSES AND THE PROPERTY
10 OF ANY ORGANIZATION, NOT ORGANIZED FOR BUSINESS PURPOSES,
11 WHOSE MEMBERSHIP IS COMPOSED ENTIRELY OF THE VETERANS OF
12 ANY WARS OF THE UNITED STATES, OR THE PROPERTY OF THE AUXI-
13 LIARY OF ANY SUCH ORGANIZATIONS AND ALL MONIES ON DEPOSIT,
14 SHALL BE EXEMPT FROM TAXATION. THE TERM "PROPERTY USED FOR
15 RELIGIOUS PURPOSES", EMPLOYED HEREIN, SHALL BE DEEMED TO
16 INCLUDE THE RESIDENCE OF THE PASTOR, PRIEST OR MINISTER OF
17 SUCH ORGANIZATION, AND ALL OTHER PROPERTY OF THE ORGANIZA-
18 TION NOT USED FOR BUSINESS, RENT OR PROFIT. PROVIDED,
19 FURTHER, THAT IF ANY SUCH RELIGIOUS, EDUCATIONAL, OR
20 CHARITABLE ORGANIZATION OR SUCH VETERANS ORGANIZATION OR
21 AUXILIARY DERIVES ANY RENTALS OR PROFITS FROM ANY SUCH
22 PROPERTY OWNED BY IT OR THEM, SUCH PROPERTY SHALL NOT BE
23 EXEMPT.] Provided, however, that the governing body or
24 taxing body of the city, municipality, school district,
25 public utility district or organized borough shall, if it
26 desires, grant exemptions or abatements hereby permitted.
27 The governing body shall grant such exemptions or abatements
28 by appropriate ordinance or resolution, which ordinance or
29 resolution shall constitute a contract between the city,

1 municipality, school district, public utility district or
2 organized borough and the owner or owners of the property,
3 or his or their assigns, so exempted from taxation in
4 whole or in part under provisions of this Act. Provided,
5 further, that the property of the United States, the State
6 of Alaska and any political subdivision shall be exempt
7 from taxation; but this exemption shall not preclude payment
8 in lieu of taxes by any such governmental unit in return
9 for services rendered or payment of special assessments for
10 public improvements augmenting the value of property owned
11 by the United States, the State of Alaska or any political
12 subdivision. Provided, further, that all exemptions grant-
13 ed heretofore in whole or in part under the provisions of
14 Subsec. (h) of Sec. 6, Ch. 10, SLA 1949, or Sec. 1, Ch. 129,
15 SLA 1957, shall remain in full force and effect upon the
16 terms and for the periods granted. Provided further, that
17 the laws excepting certain property from levy and sale on
18 execution shall not apply to taxes or to the collection of
19 the same, or to any taxes levied by a municipal corporation.
20 Sec. 8. This Act takes effect on the first day of January,

21 1962.