

Introduced: 3/5/80
Referred: Community &
Regional Affairs and Finance

BY THE RULES COMMITTEE
BY REQUEST (for the Interim
Tax Policy Committee)

1 IN THE SENATE

2 SENATE BILL NO. 510

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act exempting business inventory from municipal
7 property tax levy, and providing for reimbursement to
8 municipalities of tax revenues lost by operation of the
9 exemption; and providing for an effective date."

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

11 * Section 1. AS 29.53.020(a) is amended by adding a new paragraph to
12 read:

13 (7) the inventory of a business holding a business license
14 issued under AS 43.70.020.

15 * Sec. 2. AS 29.53.020(g) is amended to read:

16 (g) The state shall reimburse a borough or city, as appropriate,
17 for the real property tax revenues lost to it by the operation of (e) of
18 this section and for the property tax revenues lost to it by the exemp-
19 tion of business inventories under (a)(7) of this section. Reimbursement
20 shall [HOWEVER, REIMBURSEMENT WILL] be made to a borough or city

21 (1) for revenue lost to it by the operation of (e) of this
22 section only to the extent that the loss exceeds an exemption which was
23 granted by the borough or city, or which upon proper application by an
24 individual would have been granted by the borough or city, under AS 29.-
25 53.025(a).

26 (2) for revenue lost to it by operation of (a)(7) of this
27 section in the manner provided by AS 29.53.065.

28 * Sec. 3. AS 29.53 is amended by adding a new section to read:

29 Sec. 29.53.065. REIMBURSEMENT FOR TAX REVENUES LOST BY BUSINESS

1 INVENTORY EXEMPTION. (a) The state shall reimburse a borough or city
2 for revenues lost to it by operation of the exemption provided by AS 29.-
3 53.020(a)(7) on the basis of the application of the tax rate of the
4 borough or city to the value of business inventory reported to the state
5 by businesses for purposes of taxation under the Alaska Net Income Tax
6 Act (AS 43.20). A borough or city claiming reimbursement under this
7 section shall require businesses to report the value of business inven-
8 tory under AS 29.53.070(a) based on the determination of the value of
9 the inventory by the business for purposes of the Alaska Net Income Tax
10 Act.

11 (b) Reimbursement to municipalities under this section is subject
12 to legislative appropriation to the Department of Community and Regional
13 Affairs for the purpose. The department may adopt regulations to carry
14 out the provisions of this section.

15 * Sec. 4. AS 29.53.060(b) and (c) are repealed.

16 * Sec. 5. This Act takes effect January 1, 1980.

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