

Original sponsor: Rules Committee by request

Offered: 4/8/80
Referred: Finance

1 IN THE SENATE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR 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 be amended by adding a new section to read:

12 Sec. 29.53.023. BUSINESS INVENTORY TAX EXEMPTION. (a) Except as
13 provided in (e) of this section, the inventory of a business holding a
14 business license issued under AS 43.70.020 is exempt from taxation under
15 this section.

16 (b) The Department of Community and Regional Affairs shall reim-
17 burse a borough or city for revenues lost to it by operation of the
18 exemption provided by this section on the basis of the application of
19 the tax rate of the borough or city to the value of business inventory.
20 Reimbursement to municipalities under this section is subject to legis-
21 lative appropriation to the Department of Community and Regional Affairs
22 for the purpose. The department may adopt regulations to carry out the
23 provisions of this section.

24 (c) A borough or city claiming reimbursement under this section
25 shall require businesses to report the value of business inventory under
26 AS 29.53.070(a) based on

27 (1) the determination of the value of the inventory by the
28 business for purposes of the Alaska Net Income Tax Act (AS 43.20);

29 (2) the value of business inventory as of January 1 of the

1 assessment year; or

2 (3) the average monthly value of business inventory.

3 (d) If, during any fiscal year of the state, the amount of money
4 appropriated is insufficient to fully reimburse a borough or city for
5 revenues lost to it by operation of the exemption granted in (a) of this
6 section, the commissioner of community and regional affairs shall cer-
7 tify the amount of estimated reimbursement due each city and borough
8 under (b) of this section and the ratio of the reimbursement appro-
9 priated for all cities and boroughs to the total reimbursement which is
10 due all cities and boroughs under (b) of this section, expressed as a
11 percentage. The commissioner shall issue his certificate not later than
12 30 days after the date of final adjournment of the regular session of
13 the legislature during which the appropriation was made.

14 (e) A borough or city may levy and collect a property tax against
15 the value of the inventory of a business at the rate applicable to the
16 levy and collection of property taxes authorized by this chapter. The
17 levy is limited to a levy on the portion of the value of the business
18 inventory of a taxpayer which is not exempt from taxation under this
19 subsection. For purposes of this subsection, the portion of the value
20 of the business inventory of a taxpayer which is exempt from taxation
21 under this subsection is equal to the total value of the business in-
22 ventory of the taxpayer reported under (c) of this section multiplied by
23 the percentage determined by the commissioner of community and regional
24 affairs and certified under (d) of this section.

25 * Sec. 2. AS 29.53.060(b) and (c) are repealed.

26 * Sec. 3. This Act is retroactive to January 1, 1980 and applies to
27 assessment years after December 31, 1979.

28 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
29 070(c).