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STATE OF ALASKA  
THE LEGISLATURE

POUCHY - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY  
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House C+RA 4-20-88 3:00 p.m.

★ Fairbanks North Star Borough

809 Pioneer Road

P.O. Box 1267

Fairbanks, Alaska 99707

907/452-4761

MAY -2 1988 *fw / CRN*

April 25, 1988

HB 557

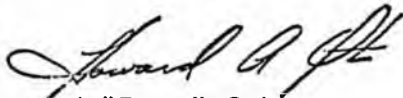
Representative Heinrich (Henry) Springer  
P. O. Box 352  
Nome, Alaska 99762

Dear Representative Springer:

Enclosed is a copy of Resolution No. 88-059 adopted by the Fairbanks North Star Borough Assembly at its meeting of April 19, 1988, supporting changes to State Law to permit creating municipal incentives to foster economic development.

The Fairbanks North Star Borough respectfully supports the proposed statutory changes and urges your support too.

Sincerely,



Howard "Buzz" Otis  
Presiding Officer

By: Howard "Buzz" Otis  
Introduced: 04/14/88  
Amended: 04/19/88  
Adopted: 04/19/88

RESOLUTION NO. 88-059

A RESOLUTION IN SUPPORT OF CHANGES TO STATE LAW  
TO PERMIT CREATING MUNICIPAL INCENTIVES TO  
FOSTER ECONOMIC DEVELOPMENT

WHEREAS, economic development and diversification are necessary to pull the Alaska economy from its current doldrums; and

WHEREAS, a method of fostering economic development for local governments to offer incentives to develop; and

WHEREAS, this body has supported enactment of legislation to enact granting of tax incentives; and

WHEREAS, the Alaska Municipal League has urged the Alaska Legislature to adopt legislation which would allow municipalities to offer for a five year period property tax incentives to new and expanding industry and businesses; and

WHEREAS, appropriate legislation to accomplish these ends has been proposed by Anchorage Economic Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Assembly of the Fairbanks North Star Borough that the draft act entitled "An Act relating to exemption from taxation by a municipality of economic development; and providing for an effective date", attached hereto as attachment 1, and a draft entitled "An Act relating to reduce utility rates, fees and charges for qualified economic development projects and providing for an effective date" attached hereto as attachment 2, are endorsed.

BE IT FURTHER RESOLVED, that these proposed statutory changes should be enacted during this session.

BE IT FURTHER RESOLVED, that copies of this resolution shall be forwarded to the Legislature and Governor.

PASSED AND APPROVED THIS 19TH DAY OF APRIL, 1988.

  
\_\_\_\_\_  
Presiding Officer

ATTEST:

  
\_\_\_\_\_  
Clerk of the Assembly

subsection where it finds that the exemption would result in an unreasonable competitive disadvantage to other businesses in the municipality. For purposes of this subsection, "economic development property" means real or personal property that may be depreciated for federal income tax purposes, and whose use in a trade or business will (i) create employment in the municipality, and (ii) generate sales, a substantial part of whose dollar volume will represent an increase in the dollar volume of sales to non-residents of the municipality of goods or services produced in the municipality.

targeting exports  
6  
tourists

\* Sec 2. This Act takes effect immediately in accordance with AS 01.10.070(c).

need determination of facts regarding the criteria if we do it.

42.05.221 - 42.05.281, 42.05.381(f) and 42.05.385.

However,

(1) the governing body of a political subdivision may elect to be subject to this chapter; and

(2) a utility or electric operating entity that is owned and operated by a political subdivision and that directly competes with another utility or electric operating entity is subject to this chapter and any other utility or electric operating entity owned and operated by the political subdivision is also subject to this chapter.

\* Sec. 3. AS 42.05.720 is amended by adding a new paragraph to read:

(9) "qualified economic development project" means a plant or facility used or intended for use in connection with making, processing, preparing, assembling, or producing goods, products, or substances; or in connection with developing or utilizing a natural resource; or in connection with transportation of goods, products, or substances; or commercial activity including storage of goods, products, or substances and wholesale and retail trade which will create new economic activity in the state or significantly expand existing economic activity and which has been certified for a specified period not exceeding five years in duration as such a project by the legislative body of the municipality within which the project is located or an economic development corporation, board or commission created by the legislative body of the

BILL PREPARATION/ACTION\*

Bill # HB 557

Date Referred: 4/12/88 Out:

Title: Tax Exemption; Economic Development Property

Sponsor: Rules Com.

Referrals: NCRA + NFin

CONTACTS:\*\*\*\*\*

Name \_\_\_\_\_

Tom Bejich \_\_\_\_\_

Scott Hawkins 4/14 cd. 258-3700 \_\_\_\_\_

Tam Cook \_\_\_\_\_

Mike Worley \_\_\_\_\_

John Tillyhurst called 4/19 genuine \_\_\_\_\_

\*\*\*\*\*

REMARKS: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEETINGS:\*\*\*\*\*

Date \_\_\_\_\_ Action \_\_\_\_\_

4-20-8 1st hrng. - adopt CS (1.1) move

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\*See other side for additional information.

CONTAC.TXT



Official Business

**COMMITTEE:**

HOUSE COMMUNITY & REGIONAL AFFAIRS

**DATE:** Wed. April 20, 1988

**SIGN-IN**

**Subject of meeting:**

- \*HB 559 Municipal Tax Exempt'n/Low-Income Housing
- \*HB 557 Tax Exemption; Economic Dvlpmnt Property

NAME (PLS PRINT)	YOUR TITLE & ADDRESS	PHONE	REPRESENTING	BILL #	DO YOU WANT TO TESTIFY?
<del>Jim Lasman</del>	<del>Dep Dir DCRA P.O. Box</del>	<del>4750</del>	<del>DCRA</del>	<del>557</del>	yes
Chris Follis	Asst State Assessor DCRA	4730	DCRA	557	yes
Tom Beigel	Rep. Gwensberg P.O. Box V	3718	Gwensberg	557	yes, if nec.
JIM KOHLER	JUNEAU ECONOMIC DEVELOPMENT COUNCIL / EXEC. DIRECTOR	403-5662	JEDC	557	yes
Scott Bunge					
Scott Hawkins -	speaker phone				

Original sponsors: Rules/House Members of  
the Joint Committee on  
Economic Recovery

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL  
AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 557 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to an exemption or deferral from  
7 municipal taxation for economic development property;  
8 and providing for an effective date."

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

10 \* Section 1. AS 29.45.050 is amended by adding a new subsection to  
11 read:

12 (1) A municipality may by ordinance exempt or defer from taxa-  
13 tion, in whole or in part, economic development property. An ordi-  
14 nance adopted under this subsection may not provide for an exemption  
15 or deferral that exceeds five years in duration, must establish spe-  
16 cific eligibility requirements for the exemption or deferral, must  
17 require a written application for each exemption or deferral demon-  
18 strating eligibility, and must subject each exemption or deferral to  
19 approval by the governing body after a public hearing. The governing  
20 body may deny an exemption or deferral under this subsection if it  
21 finds that the exemption or deferral would result in an unreasonable  
22 competitive disadvantage to other businesses in the municipality. In  
23 this subsection "economic development property" means real or personal  
24 property that may be depreciated for federal income tax purposes and  
25 is used in a trade or business in a way that

26 (1) creates new employment in the municipality by generat-  
27 ing sales outside of the municipality of goods or services produced in  
28 the municipality; or

29 (2) materially reduces the importation of goods or services

1 from suppliers outside the municipality.

2 \* Sec. 2. This Act takes effect January 1, 1989.  
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# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

- P.O. BOX B  
JUNEAU, ALASKA 99811-2100  
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508-4302  
PHONE: (907) 563-1073

April 15, 1988

POSITION PAPER

CS  
RE: House Bill 557 "An Act relating to an exemption or deferral from municipal taxation for economic development property; and providing for an effective date."

SPONSOR: House Joint Committee on Economic Recovery

Program Summary

This bill relates to property taxes and adds a section to the optional exemptions that municipalities may adopt under AS 29.45.050. An ordinance adopted under this section would allow municipalities to exempt or partially exempt or defer or partially defer from taxation property that is classified as economic development property. In order to qualify for any tax exemption or deferment the property must fulfill certain local eligibility requirements and must create new employment and provide goods or services that are used in, or, exported from the municipality.

Comments

The language in HB 557 is consistent with existing statutes, serves a positive public purpose and provides direction and guidance to municipalities. The primary focus of this bill is to assist municipalities currently seeking ways to encourage economic development. Those activities are fully promoted by this Department, and we support passage of this bill.

  
Marty Rutherford  
Acting Deputy Commissioner

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CS HB 557  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: "An Act..exemption..municipal tax-  
ation..economic development property.."  
Sponsor: Rules Committee  
Requestor: House Members of the Joint  
Committee on Economic Recovery

Agency Affected: Community & Regional Affairs  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Jim Plasman, Deputy Director  
Division: Municipal & Regional Assistance

Phone: 465-4750  
Date: 4/14/88

Approved by Commissioner: M.K. Rutherford  
Agency: Community & Regional Affairs

Date: 4/14/88

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

# HOUSE COMMITTEE REPORT

(5)

Date referred: 4/12/88

FURTHER REFERRALS: Finance

DATE: APR 20 1988

The Community and Regional Affairs Committee has considered HB 557

"An Act relating to an exemption or deferral from municipal taxation for economic development property; and providing for an effective date."

**RECOMMENDS:**

- replace with CS HB 557 (CRA)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note
- zero with analysis  same as previous zero fiscal note published \_\_\_\_\_

**SIGNING DO PASS:**

Bette Otto  
Wanda McCall  
James Furedi  
Heinrich Springer

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**SIGNING OTHER RECOMMENDATIONS:**

Cato \_\_\_\_\_  
 Collins \_\_\_\_\_  
 Zawacki \_\_\_\_\_  
 Springer \_\_\_\_\_

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Springer Heinrich Springer  
 Chairman's signature

# STATE OF ALASKA

⑥ HB 557  
STEVE COWPER, GOVERNOR

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

### MUNICIPAL & REGIONAL ASSISTANCE DIVISION

- |   |   |   |   |
|---|---|---|---|
| <input type="checkbox"/> 949 E. 36th AVENUE, SUITE 400<br>ANCHORAGE, ALASKA 99508-4302<br>PHONE: (907) 561-8586 | <input type="checkbox"/> P.O. BOX 348<br>BETHEL, ALASKA 99559-0348<br>PHONE: (907) 543-3475     | <input type="checkbox"/> P.O. BOX 10041<br>DILLINGHAM, ALASKA 99576-1041<br>PHONE: (907) 842-5135 | <input type="checkbox"/> 1514 CUSHMAN STREET, ROOM 210<br>FAIRBANKS, ALASKA 99701-6286<br>PHONE: (907) 452-7126 |
| <input type="checkbox"/> P.O. BOX BH<br>JUNEAU, ALASKA 99811-2110<br>PHONE: (907) 465-4750                      | <input type="checkbox"/> 710 MILL BAY RD.<br>KODIAK, ALASKA 99615-6340<br>PHONE: (907) 486-5736 | <input type="checkbox"/> P.O. BOX 350<br>KOTZEBUE, ALASKA 99752-0350<br>PHONE: (907) 442-3696     | <input type="checkbox"/> P.O. BOX 41<br>NOME, ALASKA 99762-0041<br>PHONE: (907) 443-5457                        |

April 21, 1988

The Honorable Henry Springer  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Springer:

In the hearing on CSHB557 yesterday, you mentioned the number of property tax exemption bills you had seen before the Legislature this session and took a sympathetic position for those who do not enjoy such exemptions, and, in fact, wind up making up the difference in taxes for each exemption granted. As I am sure you can imagine, the Office of the State Assessor shares that sympathy, and our general position on most exemption proposals is one of opposition.

Your comment, however, along with some recent discussion before the Senate Community and Regional Affairs Committee, prompted us to do some research in the area of local option exemptions to see how many of the exemptions available under AS 29.45.050 have actually been adopted by municipalities in recent years. We believe you will find the results interesting.

The Honorable Henry Springer  
April 21, 1988  
Page Two

Enclosed is a chart on that subject showing the amount of activity which has occurred since September, 1972, when the original Title 29 rewrite took place. You will note there are question marks beside two of our estimates. In those two cases we were not certain about the actual number, but we believe those listed to be correct. There are a total of 25 municipalities in the State which currently levy a property tax. The reason certain of the numbers in the first column do not equal 25 is because some communities had already adopted various types of exemptions prior to the 1972 rewrite, and "grandfathered" in under the rewrite language.

We hope you find this chart interesting and beneficial. If you have questions regarding this information, please do not hesitate to contact me.

Sincerely,



Mike Worley  
State Assessor

Enclosure

cc: Arliss Sturgulewski, Chair  
Senate Community and Regional  
Affairs Committee

The following statistics apply to the adoption of municipal property tax exemptions since September, 1972. Column one shows the number of municipalities which had the option to exempt certain properties. Column two shows the number of municipalities which actually did adopt the exemptions.

	1	2
Optional exemptions under <u>AS.29.45.050</u>	<u>Available to this number of municipalities</u>	<u>Number of municipalities actually adopting the exemption</u>
(a) \$10,000 residential	25	5
(b)(1) boats @ \$5 and \$15	10	1
<u>(b)(2)(A) community purposes property</u>	<u>25</u>	<u>2</u>
(b)(2)(B) historic sites	25	0(?)
(b)(2)(C) nonprofit agricultural	25	0
<u>(b)(3) all personal property</u>	<u>20</u>	<u>2</u>
(b)(4) business inventories	13	3
(b)(5) motor vehicles	13	2
<u>(e) land and wetlands</u>	<u>25</u>	<u>0</u>
(f) new maintenance (residential)	25	1
(g) addition to home	25	0
<u>(h) fire protection</u>	<u>25</u>	<u>0</u>
(i) Senior/Disabled Vets over \$150,000	25	2
(j) timber processing	25	1
<u>(k) EPA facilities</u>	<u>25</u>	<u>1(?)</u>

(1.1) HB 557

5-2143B  
Cook  
4/15/88

Original sponsors: Rules/House Members of  
the Joint Committee on  
Economic Recovery

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL  
AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 557 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to an exemption or deferral from  
7 municipal taxation for economic development property;  
8 and providing for an effective date."

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

10 \* Section 1. AS 29.45.050 is amended by adding a new subsection to  
11 read:

12 (1) A municipality may by ordinance exempt or defer from taxa-  
13 tion, in whole or in part, economic development property. An ordi-  
14 nance adopted under this subsection may not provide for an exemption  
15 or deferral that exceeds five years in duration, must establish spe-  
16 cific eligibility requirements for the exemption or deferral, must  
17 require a written application for each exemption or deferral demon-  
18 strating eligibility, and must subject each exemption or deferral to  
19 approval by the governing body after a public hearing. The governing  
20 body may deny an exemption or deferral under this subsection if it  
21 finds that the exemption or deferral would result in an unreasonable  
22 competitive disadvantage to other businesses in the municipality. In  
23 this subsection "economic development property" means real or personal  
24 property that may be depreciated for federal income tax purposes and  
25 is used in a trade or business in a way that

26 (1) creates new employment in the municipality by generat-  
27 ing sales outside of the municipality of goods or services produced in  
28 the municipality; or

29 (2) materially reduces the importation of goods or services

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L from suppliers outside the municipality.

\* Sec. 2. This Act takes effect January 1, 1989.

File Contents

HB 557 - Tax Exemption; Economic Development Property

<u>No.</u>	<u>Description</u>
1.	Bill - HB 557
1.1	CSHB 557 (CRA) - Work Draft
1.2	Zero Fiscal Note - DCRA
1.3	Position Paper - DCRA
2.	Bill Review - Harrison
3.	Letter to Gruenberg from Anc. Econ. Dev. Corp. Dated 3/31/88
4.	Letter to Gruenberg from Anc. Econ. Dev. Corp. Dated 3/23/88
5.	Memo to Springer from Gruenberg, dated 4/13/88



# Alaska State Legislature

## House of Representatives

### Committee on Community & Regional Affairs

Pouch V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-4833

Date: April 18, 1988  
TO: Rep. Henry Springer, Chairman HCRA  
FROM: David C. Harrison, HCRA Staff  
SUBJECT: HB 557 "An Act relating to an exemption or deferral from municipal taxation for economic development property; and providing for an effective date."

\*\*\*\*\*

Section 1. AS 29..45.050 is amended by adding a new section under municipal statutes concerning optional tax exemptions.

REVIEW:

This bill would allow the governing body of a municipality to provide a limited exemption or deferral from municipal taxation for (delete comma and add the word) new economic development property. (by adding the word new before economic development property restricts allowable exemptions or deferrals thereby encouraging new economic developments.)

Conditions for exemptions may be in whole or in part for economic development property and cannot exceed five years duration.

Municipality must establish specific eligibility requirements for the exemptions and deferrals whereby written applications show need or demonstrate eligibility subjecting each exemption or deferral to approval by the governing body after a public hearing.

Emphasis is that strong local control in municipal tax exemption or deferrals is assured. Denial of application would be based upon determination that such tax exemptions or deferrals would result in unreasonable competitive disadvantage to other businesses in the municipality.

Definition of "economic development property" is that:

1. Property that may be depreciated for federal income tax purposes;

2. Is used in a trade or business in a way that creates employment in the municipality (delete coma generates) and add by generating sales outside of the municipality of goods or services produced in the municipality, or materially reduces the importation of goods or services from suppliers outside the municipality.

Allowing municipalities an option to assist in economic recovery and investment through tax exemption and deferrals, if they so choose, provides both private and public sectors an avenue to work together in stimulating economic opportunities locally.

The process, specifics and conditions placed in the bill should prevent over shifting of the tax burden to property owners. No doubt, municipalities, the private sector and state level efforts are necessary to speed and enhance economic recovery in the State of Alaska.

*Tam Cook*

BY THE RULES COMMITTEE  
BY REQUEST OF THE HOUSE MEMBERS  
OF THE JOINT COMMITTEE ON  
ECONOMIC RECOVERY

1 IN THE HOUSE

2

HOUSE BILL NO. 557

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to an exemption or deferral from  
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23 this subsection "economic development property" means real or personal  
24 property that may be depreciated for federal income tax purposes and  
25 is used in a trade or business in a way that creates employment in the  
26 municipality, <sup>by generating</sup> ~~generates~~ sales outside of the municipality of goods or  
27 services produced in the municipality, or materially reduces the  
28 importation of goods or services from suppliers outside the municipal-  
29 ity.

③ HB 557



ANCHORAGE  
ECONOMIC  
DEVELOPMENT  
CORPORATION

March 31, 1988

Honorable Max Gruenberg  
House of Representatives  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

Dear Representative Gruenberg:

Recently you received from my office two pieces of draft legislation regarding economic development incentives. Specifically, one would give local governments the authority to offer property tax abatements and the other would allow utilities to offer economic development incentive rates. Both bills contain strong provisions for local control and oversight and strong safeguards that ensure public process.

This letter is to reconvey those bills to you with some slight improvements. Those passages that are underlined have been added or redrafted. However, none of the changes are substantive, just some fine tuning.

The support for this legislation is broad and growing. Groups as diverse as the Alaska Municipal League, the Anchorage Chamber of Commerce and the Anchorage Board of Realtors have endorsed it specifically or in concept. These groups understand the real need for some tools with which to conduct economic development.

Again, we would welcome any comments on these bills and appreciate your time and support.

Respectfully submitted,

Scott E. Hawkins  
President and CEO

Attachments:

- 1) Revised Bills
- 2) Position Statements from Various Organizations
- 3) Survey of U.S. Cities' Use of Economic Development Tools

550 West 7th Avenue  
Suite 850  
Anchorage, AK 99501  
Telephone (907) 258-3700

Neither of these draft bills are designed to increase the burden on taxpayers or consumers. Both are oriented toward generating new revenue, albeit at a lower rate in the early years. Further, both are targeted at "export" businesses, which means businesses that primarily serve customers outside of the local jurisdiction. This will avoid simply intensifying the competition in "support" industries such as retail trade, wholesale trade and services.

You probably have found during your years in Juneau that opportunities to support legislation that truly improves Alaska's competitive position are rare. The enclosed bills are two such opportunities.

We would welcome your support and, as always, encourage your comments.

Respectfully submitted,



Scott E. Hawkins  
President & CEO

Enclosures

(4) HB 557



ANCHORAGE  
ECONOMIC  
DEVELOPMENT  
CORPORATION

March 23, 1988

Honorable Max Gruenberg  
House of Representatives  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

Dear Representative Gruenberg:

Although the 1988 Legislative session is more than half over, I am forwarding for your consideration two pieces of draft legislation that, if adopted, will significantly enhance the ability of local areas to conduct economic development. One allows local governments to offer tax incentives to businesses that locate or expand in their jurisdictions. The other allows utilities to offer economic development incentive rates to new or expanding businesses.

The best phrase to describe both of these initiatives is "local control." At present, the clear statutory authority to offer these incentives is lacking. Our intent is to make these tools available to those local areas that choose to use them.

The need for this legislation is painfully clear. In just a few short months of operation, the A.E.D.C. has found that it has precious few tools with which to conduct economic development. In conversations or correspondence with firms that have some interest in locating or expanding in Anchorage, we find that we bring very little to the table. In most cases we are reduced to being cheerleaders, or promoters, while similar organizations in other U.S. cities offer attractive inducements that add credence to their promotions and give businesses a clear signal that they are welcome there.

550 West 7th Avenue  
Suite 850  
Anchorage, AK 99501  
Telephone (907) 258-3700

Neither of these draft bills are designed to increase the burden on taxpayers or consumers. Both are oriented toward generating new revenue, albeit at a lower rate in the early years. Further, both are targeted at "export" businesses, which means businesses that primarily serve customers outside of the local jurisdiction. This will avoid simply intensifying the competition in "support" industries such as retail trade, wholesale trade and services.

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We would welcome your support and, as always, encourage your comments.

Respectfully submitted,



Scott E. Hawkins  
President & CEO

Enclosures

# State of Alaska

⑤ HB 557

House Majority Leader

COMMITTEES

HOUSE HEALTH, EDUCATION  
AND SOCIAL SERVICES  
HOUSE JUDICIARY  
HOUSE RULES



Representative Max F. Gruenberg, Jr.  
District 11  
Spennard, Upper Midtown Anchorage

P.O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-3718  
465-4968/4986

914 CLAY COURT  
ANCHORAGE, ALASKA 99503  
(907) 276-6844

## MEMORANDUM

TO: REPRESENTATIVE HENRY SPRINGER, CHAIR  
HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

FROM: MAX F. GRUENBERG, JR., HOUSE CHAIR  
JOINT COMMITTEE ON ECONOMIC RECOVERY

A handwritten signature in dark ink, appearing to read "MFG".

DATE: APRIL 13, 1988

### RE: JOINT COMMITTEE LEGISLATION

I would appreciate your consideration of HB 557 at your earliest convenience. HB 557, "An Act relating to an exemption or deferral from municipal taxation for economic development property; and providing for an effective date" was developed by the Anchorage Economic Development Corporation and considered by the members of the House side of the Joint Committee on Economic Recovery at our April 8 and 9 meetings. This bill was then introduced at the House members' request by the House Rules Committee.

HB 557 would allow the governing body of a municipality to provide a limited exemption or deferral of local taxes for economic development property. The purpose of this legislation is to encourage economic growth and investment as well as provide greater opportunities for employment within those municipalities that choose to provide this exemption or deferral. Again, this bill simply enables local governments to use this economic development tool, if they so choose.

I have also attached correspondence from the Alaska Economic Development Corporation regarding this legislation.

I hope you can speedily schedule this bill before your committee to enhance its chance of passage this session.

If you have any questions please give Tom Begich of my staff a call at 465-3718 or 465-4968.

Thanks.

attachments