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SENATE COMMITTEE REPORT

FURTHER

4/26/89

DATE TURNED INTO OFFICE \_\_\_\_\_

Mr. President:

FINANCE

SB 267

Committee considered \_\_\_\_\_

optional exemptions from and deferral of payment of municipal taxes

and recommended

- replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title
- attached amendment(s) and  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

*Died in subcommittee under  
Sens. Binkley + Duncan  
See House version  
HB 272*

- FISCAL NOTE(S)**  zero  fiscal impact  appropriation no FN  
 new  updated  previous  
 same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

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Chair \_\_\_\_\_ signature and recommendation

Committee Backup attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE \_\_\_\_\_  
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER

FIN

\*\*FISCAL NOTE(S) MUST BE ATTACHED  
IN ACCORDANCE WITH AS 24.08.035

DATE TURNED INTO OFFICE 4.25.89

4/7/89

Mr. President:

C&RA

Committee considered

SB 267

optional exemptions from and deferral of payment of municipal taxes

*reports it back as follows:*

and recommended:

- replace with CS \_\_\_\_\_  same title
- attached amendment(s) and  new title
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

*OFN*

C&RA & COMMERCE  
 FISCAL NOTE(S) attached  zero  fiscal impact  
 appropriation no FN attached  Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*[Handwritten signatures]*

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*[Handwritten signature]*  
 Chair : signature and recommendation

Committee backup attached

Introduced: 4/7/89  
Referred: Community and Regional  
Affairs and Finance

6-0908A

1 IN THE SENATE

BY THE SENATE SPECIAL COMMITTEE ON  
BANKING AND ECONOMIC DEVELOPMENT

2 SENATE BILL NO. 267

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to optional exemptions from and  
7 deferral of payment of municipal taxes."

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

9 \* Section 1. AS 29.45.050 is amended by adding new subsections to read:

10 (m) A municipality may by ordinance classify as to type and  
11 exempt all or some types of economic development property from up to  
12 50 percent of the rate of taxes levied on other property in the munic-  
13 ipality. Property may not be exempted under this subsection for  
14 longer than five years. A municipality may by ordinance permit defer-  
15 ral of payment of taxes on all or some types of economic development  
16 property for up to five years. An ordinance adopted under this sub-  
17 section must include specific eligibility requirements and require a  
18 written application for each exemption or deferral. In this sub-  
19 section, "economic development property" means real or personal prop-  
20 erty that may be depreciated for federal income tax purposes, has not  
21 been previously taxed by the municipality, and is used in a trade or  
22 business in a way that creates employment in the municipality, gener-  
23 ates sales outside of the municipality of goods or services produced  
24 in the municipality, or materially reduces the importation of goods or  
25 services from outside the municipality; but does not include property  
26 that has been used in the same trade or business in the state outside  
27 of the municipality within six months before the date the application  
28 for exemption or deferral under this subsection is filed.

29 (n) A municipality may by ordinance classify as to type  
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1 inventories intended for export outside the state and partially or  
2 totally exempt all or some types of those inventories from taxation.  
3 The ordinance may provide for different levels of exemption for dif-  
4 ferent classifications of inventories. An ordinance adopted under  
5 this subsection must include specific eligibility requirements and  
6 require a written application for each exemption.  
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STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: SB 267  
PUBLISH DATE: 4/26/89 (a)

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Commerce & Economic Dev.  
Title: Municipal Tax Exemption or BRU: Business Development  
Deferral  
Sponsor: Special Committee on Banking  
Requester: XXXXXX and Economic Development Components: \_\_\_\_\_

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of dollars)

GENERAL FUND						
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: Tom Lawson, Acting Director  
Division: Business Development

Phone: 465-2017  
Date: 4-21-89

Approved by Commissioner: Larry Mercurieff  
Agency: Department of Commerce & Economic Development

Phone: 465-2500  
Date: \_\_\_\_\_

Distribution (by preparer):

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

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: "An Act relating to optional  
 exemptions..municipal taxes."  
 Sponsor: Senate Committee on Banking &  
 Requestor: Economic Development

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

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING:** (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-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*  
 Division: Municipal & Regional Assistance Phone: 465-4750  
 Date: 4/25/89

Approved by Commissioner: *David C. Johnson* Date: 4-25-89  
 Agency: Community & Regional Affairs

- Distribution (by preparer):
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)

Original sponsor: Special Committee on Banking  
and Economic Development

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 267 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to optional exemptions from, or  
7 deferral of payment of, municipal taxes."

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

9 \* Section 1. AS 29.45.050 is amended by adding new subsections to read:

10 (m) A municipality may by ordinance partially or totally exempt  
11 all or some types of economic development property from taxation for  
12 up to five years. The municipality may provide for renewal of the  
13 exemption under conditions established in the ordinance. A municipal-  
14 ity may by ordinance permit deferral of payment of taxes on all or  
15 some types of economic development property for up to five years. The  
16 municipality may provide for renewal of the deferral under conditions  
17 established in the ordinance. An ordinance adopted under this subsec-  
18 tion must include specific eligibility requirements and require a  
19 written application for each exemption or deferral. In this subsec-  
20 tion "economic development property" means real or personal property  
21 that

22 (1) has not previously been taxed as real or personal  
23 property by the municipality;

24 (2) is used in a trade or business in a way that

25 (A) creates employment in the municipality;

26 (B) generates sales outside of the municipality of  
27 goods or services produced in the municipality; or

28 (C) materially reduces the importation of goods or  
29 services from outside the municipality; and

1 (3) has not been used in the same trade or business in  
2 another municipality for at least six months before the application  
3 for deferral or exemption is filed; this paragraph does not apply if  
4 the property was used in the same trade or business in an area that  
5 has been annexed to the municipality within six months before the  
6 application for deferral or exemption is filed; this paragraph does  
7 not apply to inventories.

8 (n) A municipality may by ordinance classify as to type inven-  
9 tories intended for export outside the state and partially or totally  
10 exempt all or some types of those inventories from taxation. The  
11 ordinance may provide for different levels of exemption for different  
12 classifications of inventories. An ordinance adopted under this  
13 subsection must include specific eligibility requirements and require  
14 a written application for each exemption.  
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Patrick M. Rodey  
Senator

# Alaska State Legislature



Senate

3111 C. St., Suite 510  
Anchorage, Alaska 99503  
(907) 561-7618

During Session:  
P.O. Box V  
Juneau, Alaska 99801  
(907) 465-3793

DATE: April 25, 1989

TO: Senator Rick Uehling, Co-chair  
Senator John Binkley, Co-chair  
Senate Finance Committee

FROM: Senator Pat Rodey *PR*

SUBJECT: SB267, Optional Tax Exemption from of  
Municipal Taxation for Economic Development

I would like to request that the Senate Finance Committee consider scheduling SB 267, An Act Relating to Optional Exemptions from and Deferral of Payment of Municipal Taxes.

The purpose of this legislation is to allow local governments another tool in diversifying their economic base. This legislation allows two more additional property tax exemptions that local governments could elect to use.

These two exemptions have no cost to the state and will only effect new property that is solely for the purpose of export.

If you have any questions please feel free to call my legislative aide, Mark Begich at 465-3793 in Juneau or 337-6748 in Anchorage.