

HB

304

HOUSE COMMITTEE REPORT

(7)

Date Referred: April 26, 1991

FURTHER REFERRALS:

Resources
Finance

Date of Committee Action: 5-8-91

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

HB 304

HOUSE BILL NO. 304

MUNICIPAL PROPERTY TAX EXEMPTION

"An Act relating to an optional exemption from municipal taxes."

RECOMMENDATIONS: [] the same title

be replaced with _____ [] a new title

[] have attached amendments(s)

[] do pass

[] do not pass

[] no recommendations

individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

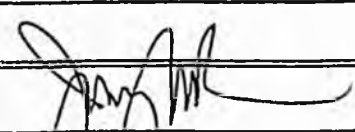
[] fiscal impact _____

[] fiscal note(s) _____

zero fiscal note DCRA

[] zero fiscal note(s) _____

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
		Richard (D) [Signature]		*	
		[Signature]		✓	
[Signature]	X				
Cheri Davis	X				
		J. C. [Signature]		✓	



 CHAIRMAN'S SIGNATURE

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN
SEAT A

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LABOR AND COMMERCE COMMITTEE

Overview of HB 304

An Act relating to an optional exemption from municipal taxes

This bill provides municipalities with a tool to encourage urban renewal. Under current state law, municipalities are not allowed to give property tax incentives. HB 304 allows municipalities to give such an incentive, if they wish, to owners who tear down older, dilapidated buildings. Without this the incentive it is advantageous to owners to leave the building standing and get whatever rent is possible.

This bill would allow a municipality to choose to enact an ordinance to exempt a property on which all improvements have been removed from taxation for a period of not more than five years.

Buildings that have historical significance as determined by the appropriate local entity are barred from this tax exemption.

May 2, 1991

JUNEAU OFFICE

(During Legislative Session January through May)

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STATE OF ALASKA
WALTER J. HICKEL, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

May 3, 1991

POSITION PAPER

RE: House Bill 304

SPONSOR: Representative Donley


Program Effects

The bill proposes to exempt certain unimproved property from taxation for up to five years, or until it is improved. In order to qualify for the exemption, an improvement older than thirty years of age must have been demolished or removed from the property.

Comments

The Department has no objection to the passage of HB 304, however, it is incumbent on us to point out that aside from the direct loss in property tax revenues when property is exempted from taxation, there are two additional fiscal impacts to municipalities which exempt property. Each exemption granted will result in a reduction in the amount of a municipality's entitlement under the State Revenue Sharing Program (AS 29.60). In addition, under the Education Foundation Funding Formula, although the municipal property tax base will have been reduced by the amount of each exemption, the level of the locally required contribution to education will remain the same.

If municipal governments wish to grant the property tax exemptions provided for in the bill with the understanding that these fiscal impacts will occur, the Department certainly does not object to their doing so.


Edgar Blatchford Commissioner

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FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 304

Revision Date: _____ Department Affected: Community & Regional Affairs
 Title: "An Act relating to an optional exemption from municipal taxes." BRU: _____
 Sponsor: Representative Donley Component: _____
 Requestor: _____ COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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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						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson, Director *Remond Henderson* Phone: 465-4708
 Division: Administrative Services Date: 5/2/91
 Approved by Commissioner: Edgar Blatchford *Edgar Blatchford*
 Agency: Community & Regional Affairs Date: 5/2/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).