

SB

176

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 3/29/93

FURTHER: FINANCE

Date of 5-Day Notice: 4/8/93
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4-10-93

CRA Committee considered SB 176

"An Act relating to the municipal tax exemption for inventories intended for export."

and recommends:

replace with _____ CS _____ (_____)

attaches amendment(s)

adopts _____ Letter of Intent

further referral to the _____

same title
 new title
 technical title change (HB only)

do pass

do not pass

no recommendation

individual recommendations

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal
Dept of Commerce	4/1/93	0	
Dept of Comm + Regional	4/10/93	0	

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

Arew A. Luman

OTHER RECOMMENDATIONS:

Carl F. Blumoff No Rec

Roll E. Miller No Rec

Chair: Signature and Recommendation

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: "An Act relating to the municipal tax exemption for inventories intended for export." BRU: _____
 Sponsor: Senate State Affairs Committee Component: _____
 Requestor: _____ COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

Estimate of current (FY93) Impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Remond Henderson Phone: 465-4708
 Division: Administrative Services Date: 4/6/93
 Approved by Commissioner: [Signature] Deputy Commissioner Date: 4/6/93
 Agency: Community & Regional Affairs

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. SB 176

Revision Date: April 1, 1993 Dept. Affected: Department of Commerce
 Title: An Act Relating to the Municipal Tax Exemptions for Inventories Intended for Export BRU: _____
 Component: _____
 Sponsor: Senate State Affairs Committee
 Requestor: Senate Community and Regional Affairs COMPONENT SERIAL NO. _____

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
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LAND & STRUCTURES						
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MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact \$ -0-

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Portia Babcock, Committee Aide
 Division: Senate State Affairs Committee
 Approved by Commissioner: Senator Loren Leman, Chairman
 Agency: Senate State Affairs Committee

Phone: 465-4522
 Date: April 1, 1993
 Date: April 1, 1993

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217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907)586-1325, Fax (907)463-5480

DATE: APRIL 15, 1993

TO: Senator Randy Phillips, Chair, and
Members, Community and Regional Affairs Committee

FROM: Kent E. Swisher, Executive Director

SUBJ: SB 176, relating to exemption of inventories
intended for export.

The Alaska Municipal League's 1993 Policy Statement, states that "The League supports state policies and legislation to provide maximum local authority for economic development activities and methods to accomplish those activities." (Part VIII, ECONOMIC DEVELOPMENT AND RESOURCE MANAGEMENT).

SB 176 has the effect of allowing a municipality to choose to partially or totally exempt some inventories from taxation. This may be a useful economic development tool in some circumstances. The League supports giving such options to local government.



Alaska State Legislature

SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Senator Randy Phillips, Chair
Senator Robin Taylor, Vice Chair
Senator Rick Halford
Senator Al Adams
Senator Fred Zharoff

SESSION:
State Capitol
Juneau, Ak 99801-1182
(907) 465-4989

INTERIM:
P O. Box 142
Eagle River Ak 99577
(907) 694-4949

AGENDA

9:00 am

April 13, 1993

1. Call to Order (time and members present)
2. SB 176 - Municipal Inventory Tax Exemption Exports
 - a. Senator Leman's bill
3. SB 164 - Municipal Incorporation, Reclassification and Dissolution - adopt Committee Substitute
 - a. Teleconference with Local Boundary Commission Staff
Staff, Dan Bockhorst - Anchorage
 - b. Suggested language changes have been submitted informally.
 - c. No fiscal note has been received.
4. Adjourn

Steve Van Zant - State Treasurer
Pat Poll



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Alaska State Legislature

APR 1 1993

SENATE STATE AFFAIRS COMMITTEE

State Capitol
Juneau, AK 99801-1182

MEMORANDUM

TO: Senator Randy Phillips, Chairman
Community and Regional Affairs Committee

FROM: Senator Loren Leman, Chairman
Senate State Affairs Committee

A handwritten signature in black ink, appearing to read "Loren Leman", with the word "for" written below it.

DATE: April 1, 1993

SUBJECT: Request for Hearing of Senate Bill 176

I respectfully request that you schedule Senate Bill 176, "An Act Relating to the Municipal Tax Exemption for Inventories Intended for Export" at the earliest convenience of the Chairman.

Thank you. If you have any questions, please contact Portia in my office at 4522.

SENATE BILL NO. 176

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Introduced: 3/29/93
Referred: CRA, FIN

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the municipal tax exemption for inventories intended for
2 export."

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

4 * Section 1. AS 29.45.050(n) is amended to read:

5 (n) A municipality may by ordinance classify as to type inventories intended
6 for export outside the state and partially or totally exempt all or some types of those
7 inventories from taxation. [A MUNICIPALITY THAT IS A SCHOOL DISTRICT
8 MAY, UNDER THIS SUBSECTION, ONLY EXEMPT ALL OR A PORTION OF
9 THE AMOUNT OF TAXES THAT EXCEEDS THE AMOUNT LEVIED ON OTHER
10 PROPERTY FOR THE SCHOOL DISTRICT. A MUNICIPALITY MAY ADOPT AN
11 ORDINANCE UNDER THIS SUBSECTION ONLY IF, BEFORE IT IS ADOPTED,
12 COPIES OF THE PROPOSED ORDINANCE MADE AVAILABLE AT A PUBLIC
13 HEARING ON IT CONTAIN WRITTEN NOTICE THAT THE ORDINANCE, IF
14 ADOPTED, MAY BE REPEALED BY THE VOTERS THROUGH REFERENDUM.]

1 The ordinance may provide for different levels of exemption for different
2 classifications of inventories. An ordinance adopted under this subsection must include
3 specific eligibility requirements and require a written application for each exemption.

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

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ANALYSIS: (Attach a separate page if necessary)

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ANCHORAGE
ECONOMIC
DEVELOPMENT
CORPORATION

LOCAL INVENTORY TAX EXEMPTION FOR WAREHOUSING/DISTRIBUTION

GOAL: To remove a glitch in the state statutes governing local business inventory taxes that could prevent Anchorage from becoming an international warehousing and distribution center.

PROBLEM: To be a viable international distribution center, it is crucial that high value products that are being held for out-of-state shipment not be subject to local property taxes on inventory. No other taxing jurisdiction in the U.S. that we are aware of has ever successfully done so. In fact, attempting to tax such inventory is virtually certain to prevent Anchorage from competing for international distribution business. Yet, state statutes now require municipalities to levy some taxes on goods being held for out-of-state shipment.

PROPOSAL: To amend state statutes to give municipalities, at their option, the ability to exempt goods being held for shipment out-of-state from inventory property taxes. This will not only be important for Anchorage, but may help other communities develop more downstream activity associated with the seafood industry -- e.g., cold storage and secondary processing.

DETAILS: The existence of foreign trade zones (FTZs) in Anchorage and elsewhere provides some partial protection from local inventory taxes. However, there are significant limitations. First, the goods have to be inside an FTZ and must be involved in "FTZ activity". This is sometimes costly and unnecessary for simple distribution operations.

Second, the goods exempted from taxes within an FTZ are generally those that are being held for shipment outside the U.S. In some cases, goods being stored for distribution may have originated inside the U.S. and be destined for markets inside the U.S. Indeed, the U.S. is the largest single market in the world, and Anchorage's proximity to it and the large amount of airlift we have to serve it are important elements of our marketing programs that seek to attract international distribution business.

Once state government allows municipalities this taxation flexibility, it will be the responsibility of each local government to adopt its own ordinance to activate and govern the exemption.



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