

**HB**

**76**

HOUSE BILL NO. 76

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE HALCRO

Introduced: 2/3/99

Referred: Community and Regional Affairs

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to an exemption from and deferral of payment on municipal  
2 taxes on deteriorated property; and providing for an effective date."

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

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

5 (o) A municipality may by ordinance partially or totally exempt all or some  
6 types of deteriorated property from taxation for up to five years beginning on or any  
7 time after the day substantial rehabilitation, renovation, or replacement of any structure  
8 on the property begins. A municipality may by ordinance permit deferral of payment  
9 of taxes on all or some types of deteriorated property for up to five years [beginning  
10 on or any time] after the day substantial rehabilitation, renovation, or replacement of  
11 any structure on the property begins. However, if the ownership of property for which  
12 a deferral has been granted is transferred, all tax payments deferred under this  
13 subsection are immediately due and the deferral ends, or, if ownership of <sup>any</sup> only part of  
14 the property is transferred, all tax payments [attributable to that part] are immediately

*including interest*

1 due, ~~and the deferral attributable to that part ends.~~ Only one exemption and only one  
2 deferral may be granted to the same property under this subsection, and, if an  
3 exemption and a deferral are granted to the same property, both may not be in  
4 effect during the same time. In this subsection, "deteriorated property" means real  
5 property that is commercial property not used for residential purposes or that is multi-  
6 unit residential property with at least eight residential units, and that

7 (1) has been the subject of an order by a government agency requiring  
8 the property to be vacated, condemned, or demolished by reason of noncompliance  
9 with laws, ordinances, or regulations;

10 (2) has a structure on it not less than 15 years of age that has  
11 undergone substantial rehabilitation, renovation, or replacement, subject to any  
12 conditions prescribed in the ordinance; or

13 (3) is located in a deteriorating or deteriorated area with boundaries that  
14 have been determined by the municipality.

15 \* Sec. 2. This Act takes effect July 1, 1999.

02/25/99  
08:30:05

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM  
PARTICIPANT LIST (ALL PARTICIPANTS)

LTN1150  
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TCN:90208 SCHEDULED FOR:02/25/99 08:00 TO 10:00  
PUBLIC HEARING HOUSE COMMUNITY AND REGIONAL AFFAIRS

LOCATION: FAIRBANKS

HB	1	MR.	MARK	DRYGAS	FBX FIRE FIGHTER	TESTIFY
HB	1	MR.	DAN	HOFFMAN	FBX POLICE DEPT	TESTIFY
HB	1	MR.	MATT	SODEN	FNX POLICE DEPT	TESTIFY
HB	1	MR.	RANDY	COFFEY	FBX POLICE DEPT	TESTIFY
HB	1	MR.	DAVE	MAITLEN	FBX POLICE DEPT	TESTIFY
HB	1	MR.	PERRY	WILLIAMSON	FBX POLICE DEPT	TESTIFY



**Anchorage  
Downtown  
Partnership**  
...clean, safe & vital

February 10, 1999

To: House Community on Regional Affairs Committee

Att: Chairman Halcro

RE: HB76

From: Rod Pfeiger  
Executive Director

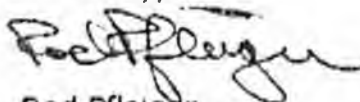
Dear Representative Halcro:

The statute embodied in SB54, AS29.45.050(o), became law last year. Subsequent to that the Anchorage Assembly passes A098-135 to amend municipal code so that the law could be utilized. The municipal attorney asked for the minor changes to AS29.15.050(o) contained in SB54 in order to make things more clear.

This fits into our mission by allowing financing for residential projects which creates an increase in cleanliness, occupancy rates, investments values and lease income, to decrease crime, and to generally stimulate economic development and improve the quality of life in downtown Anchorage.

Please pass SB54 out of your committee so it may become law.

Sincerely,

  
Rod Pfeiger

# ALASKA STATE LEGISLATURE

*CO-CHAIR*  
COMMUNITY AND REGIONAL AFFAIRS

*VICE-CHAIR*  
LABOR AND COMMERCE  
TRANSPORTATION

*SPECIAL COMMITTEE*  
ECONOMIC DEVELOPMENT AND TOURISM



REPRESENTATIVE ANDREW HALCRO

District 12

STATE CAPITOL, ROOM 418  
JUNEAU, AK 99801-1182  
(907) 465-4939  
FAX (907) 465-2418  
1-800-465-4939

*INTERIM*  
716 WEST 4TH  
ANCHORAGE, AK 99501  
(907) 269-0244  
FAX (907) 269-0248

## Sponsor Statement HB 76

During the last session, the Legislature approved HB 399, which authorized municipal governments to exempt and defer the payment of municipal taxes on deteriorated property. This legislation is reflected in the addition of subsection (o) to AS 29.45.050.

In response to this legislation, the Anchorage Assembly adopted a Municipal Ordinance (OA-98-135) providing for the tax deferral for deteriorated property to encourage redevelopment.

However, because of ambiguities in the new statute, the Municipality of Anchorage has requested technical amendments to AS 29.45.050. These amendments include:

1. Clarifying that a Municipality may either partially or totally exempt a deteriorated property from property taxes;
2. Providing that the exemption may begin any time on or after substantial rehabilitation begins; and
3. Prohibits an exemption and deferral of property taxes to be in effect simultaneously.

These are minor changes to the statute, but are required to fully realize the intent of the legislation passed last year to encourage rehabilitation of deteriorated properties.

WRITTEN TESTIMONY OF MARGARET J. RAWITZ  
IN SUPPORT OF SB 54 AND HB 76

I am an attorney and I have practiced law in Alaska since 1975. I have been closely involved with the legislation providing for municipal authority to grant tax exemptions and tax deferrals for deteriorated property. I researched laws in other states which granted tax exemptions for deteriorated property and drafted the original version of HB 399, which was introduced in the legislature in 1998, and which eventually became codified as AS 29.45.050(o).

After HB 399 was passed, I drafted an ordinance creating a tax exemption and deferral program in the Municipality of Anchorage. This ordinance was passed by the Anchorage Assembly and became codified in AMC 12.35. I have had several discussions with municipal officials regarding certain concerns they have expressed about the interpretation of AS 29.45.050(o) and practical issues relating to timing.

I have drafted SB 54/HB 76, which is now before you. The purpose of SB 54/HB 76 is to clarify language in AS 29.45.050(o) that is potentially confusing. I believe the amendments contained in SB 54/HB 76 will resolve the legal concerns expressed to me by the municipality. Three changes to subsection (o) are proposed in SB 54/HB 76:

- 1) The words "or totally" have been added at line 5, page 1. The original version of HB 399 provided for a partial or total exemption. The bill that finally emerged from committee and became law did not contain the word "totally".

I believe the change may have been the result of a typographical error. I researched the committee reports and could not find any discussion of, or explanation for, the change. It does not make sense to limit the exemption to a partial exemption because no parameters have been specified. By contrast, AS 29.45.050(j) provides for an exemption of "up to 75%". But without such parameters in subsection (o), a 99.9% exemption is permitted as a "partial" exemption. Rep. Joe Ryan, who sponsored HB 399 last year, has advised me that it was his intention to allow a partial or total exemption.

- 2) A change has been made at lines 6-7 and 9-10, page 1. It is not clear whether the statute requires that an exemption or deferral begin only at the time that renovation begins or whether it permits an exemption or deferral to begin at any time after the beginning of renovation. Since most municipalities would prefer to (or are required to) begin a period of exemption or deferral on the first day of the tax year, it is appropriate to permit an exemption to begin at any time on or after the beginning of renovation, since renovation is not likely to begin on the first day of the tax year.

Furthermore, municipalities have an interest in assuring that the renovation is completed. The new language would allow a municipality to delay the exemption and/or deferral until the renovation work has been substantially completed.

- 3) It is not clear whether AS 29.45.050(o) permits a five-year exemption to be followed by a five-year deferral. The addition at lines 2-4 on page 2 makes it clear that a five-year exemption may be followed by a five-year deferral. Again, this was what Representative Ryan intended.

# FISCAL NOTE

Revision Date: \_\_\_\_\_ Dept. Affected: Community & Regional Affairs  
 Title: An Act relating to an exemption from and BRU: \_\_\_\_\_  
deferral of payment on municipal Component: \_\_\_\_\_  
 Sponsor: REPRESENTATIVES HALCRO, Dyson  
 Requestor: House CRA Committee COMPONENT SERIAL NO. \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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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						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current (FY99) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Enactment of this legislation would not have significant fiscal impact on the department

Prepared by: Remond Henderson, Director Phone: 465-4709  
 Division: Division of Administrative Services Date: 2/22/99  
 Approved by Commissioner: Dale Miller Date: 2/22/99  
 Agency: Community & Regional Affairs

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Submitted by: Assemblymember Wohlforth  
Prepared by: Assembly Office  
For reading: February 2, 1999

CLERK'S OFFICE

APPROVED

Date: 2-2-99

ANCHORAGE, ALASKA

AR NO. 99- 29

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING CERTAIN AMENDMENTS TO ALASKA STATUTE 29.45.050(o) REGARDING TAX EXEMPTION AND DEFERRAL FOR DETERIORATED PROPERTY

WHEREAS, in May, 1998, the Alaska Legislature approved HB 399, an act authorizing municipalities to permit, by ordinance, the exemption from, and deferral of payment of, municipal taxes on deteriorated property, and defining 'deteriorated property' for purposes of the exemption or deferral; and HB 399 became law on July 1, 1998 and resulted in the addition of subsection (o) to AS 29.45.050; and

WHEREAS, in September, 1998, pursuant to AS 29.45.050(o), the Assembly adopted AO 98-135, providing for tax exemption and tax deferral for deteriorated property; and

WHEREAS, it has come to the attention of the Municipality that certain ambiguities exist in the state law, AS 29.45.050(o), relating to (1) the intent of the legislature to permit a total exemption, (2) the date when the exemption shall begin, and (3) whether the exemption and deferral are permitted to run consecutively; and

WHEREAS, a bill amending AS 29.45.050(o) has been drafted (see attached) and will be introduced in the state legislature which will clarify the language of AS 29.45.050(o) and will allow partial or total tax exemption for deteriorated property, will permit the exemption to begin on or after the day of substantial rehabilitation, renovation, or replacement of a structure on deteriorated property, and will permit the exemption and deferral to run consecutively for a total of up to ten years; and

WHEREAS, the Assembly finds that the changes to AS 29.45.050(o), as proposed in the draft bill, would benefit the Municipality by stimulating the redevelopment by private enterprise of blighted property within the Municipality.

NOW, THEREFORE, the Anchorage Assembly resolves:

Section 1 That the Assembly supports the proposed amendments to AS 29.45.050(o).

Section 2 That, upon passage and approval, the Municipal Clerk shall forward this resolution to the Alaska Legislature.

PASSED AND APPROVED by the Anchorage Assembly this 2nd day of February, 1999.

*Ray Van Lemmings*  
Municipal Clerk

ATTEST

*Lizbeth Johnson*  
Municipal Clerk



UNITED BROTHERHOOD OF  
**Carpenters and Joiners of America**

LOCAL UNION NO. 1281

407 DENALI  
SUITE 100  
PHONE 275 3833  
ANCHORAGE, ALASKA 99501  
Fax : 276-7962



February 17, 1999

TO: House Community on Regional Affairs Committee

ATTN: Chairman Halcro

RE: HB76

Dear Representative Halcro:

The statute embodied in HB76, AS29.45.050(o), became law last year. Subsequent to that the Anchorage Assembly passed AO98-135 to amend municipal code so that the law could be utilized. The municipal attorney asked for the minor changes to AS29.45.050(o) contained in HB76 in order to make things more clear.

Please pass HB76 out of your committee so it may become law.

Very truly yours,

Royce R. Rock  
Business Manager

Greg Meyer  
Director  
(907) 343-4755

Elly Gray Jackson  
Assembly Analyst  
(907) 343-4751

Jay Poutalen  
Admin. Assistant  
(907) 343-4750



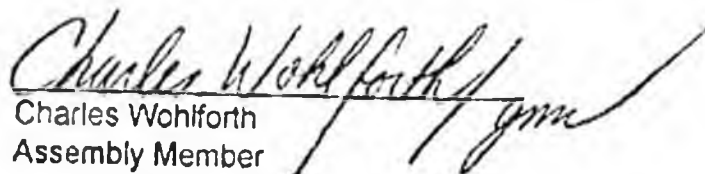
Date: February 10, 1999  
To: House Community & Regional Affairs Committee  
Attn: Rep. Halcro, Chairman  
From: Charles Wohlforth, Assembly Member  
Subject: HB76

Rep. Halcro:

As you know, the statute embodied in HB76 - AS29 45.050(o) - became law last year. Then, the Anchorage Assembly passed AO 98-135 which amended Municipal code so that the law could be utilized. The Municipal Attorney has requested minor changes to AS29 45 050(o) - which are contained in HB76 - in order to make things more clear

I respectfully request that, upon your Committee's review, that this bill be passed out of Committee. I hope you agree with me that this bill should become law.

Sincerely,

  
Charles Wohlforth  
Assembly Member

Tel: 274-2271

Post-It* Fax Note	Date	# of Pages
To Rep. Halcro	7671	
City/Dept	From	
Phone #	Co	
	Phone #	

**MARC A. MARLOW**

2600 Railroad Avenue  
Anchorage, Alaska 99501  
Phone: (907) 258-9662 • Fax: (907) 277-0623

February 10, 1999

To: House Community on Regional Affairs Committee

Att: Chairman Halcro

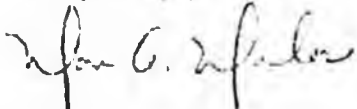
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Please pass HB76 out of your committee so it may become law.

Very truly yours,



Marc A. Marlow