

**HB**

**156**



Anchorage Economic Development Corporation  
The Center of Opportunity

March 13, 2001

The Honorable Rick Halford  
President of the Senate  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, AK 99801-1182


The Honorable Brian S. Porter  
Speaker of the House of Representatives  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

Dear President Halford and Speaker Porter:

The Anchorage Economic Development Corporation (AEDC) supports the efforts of the Municipality of Anchorage to revise existing State statutes to allow for the creation and implementation of local tax increment financing districts.

House Bill 156, an Act relating to municipal debt for development and redevelopment projects, would change existing State statutes and would make Tax Increment Financing available as an additional development tool to Alaska communities.

Sincerely,

  
LARRY D. CRAWFORD  
President & CEO

c.c. Anchorage Caucus members

M U N I C I P A L I T Y O F A N C H O R A G E



Municipal Light & Power

GENERAL MANAGER

1200 East First Avenue

Anchorage

Alaska

95501-1685



phone

907.263.5201

fax

907.263.5204

e-mail

kehlern@cl.anchorage.ak.us

March 13, 2001

The Honorable Kevin Meyer, Co-Chair  
The Honorable Carl Morgan, Co-Chair  
Alaska State Legislature  
State Capitol  
Juneau, Alaska 99811

Dear Representatives Meyer and Morgan:

Anchorage's Municipal Light and Power supports the effort of the Anchorage business community and government to make a minor revision to the statute to allow bond underwriters and rating agencies to evaluate appropriate security on tax increment bonds as provided in House Bill 156.

The passage of this legislation would allow Alaskans communities to effectively utilize tax increment financing as an additional development tool to spur local economic development.

Sincerely,

Michael J. Scott  
General Manager

# Alaska State Legislature

Session  
State Capitol Building, Room 418  
Juneau, Alaska 99801-1182  
Phone (907) 465-2995  
Fax (907) 465-6592

Interim  
716 West Fourth Avenue, Suite 430  
Anchorage, Alaska 99501  
Phone (907) 269-0250  
Fax 9907) 269-0249

Chair, House Special Committee  
on Economic Development, Trade  
and Tourism

Chair, Joint House and Senate  
Administrative Regulation and  
Review Committee

Member  
Resources Committee  
Rules Committee

## Representative Lesil McGuire *House District 17*

### Sponsor Statement

#### HB 156

**"An Act relating to municipal debt for development and redevelopment projects."**

AS 29.47.460(b) states that a municipality "may irrevocably pledge the tax increment from the area for that purpose [*only if additional security in the form of a letter of credit or equal security is also pledged*]." In deleting this language, a potential cloud is removed from financing requirements under the statute. Each project financed through the use of a tax increment has its own analysis done by the bond underwriters and rating agencies as they determine creditworthiness and reserve requirements. Removing the existing language will remove a potential cloud on the tax increment bond issue.

AS 29.47.460 authorizes municipalities to create redevelopment agencies for the purpose of developing and redeveloping land or building within a specified project area. To assist in the development or redevelopment, "tax increment" bonds or tax allocation bond financing is utilized to generate revenue to pay for improvements authorized under Title 29. Tax increment financing or tax allocation bonds are made possible by capturing assessed value growth within the specified project area.

The mechanics of capturing assessed valuation growth are straightforward. The redevelopment agency delineates a project area and declares a "base" year. Once an improvement is made within the project area, the additional assessed valuation is added to the tax rolls over the "base" year. The "base" year and the "increment" increase from the new development are taxed at the same rate. The "increment" tax revenues are remitted to the redevelopment authority and used to pay debt service on the tax increment bonds used to pay for the development or redevelopment improvements.

**MUNICIPALITY OF ANCHORAGE  
2001 LEGISLATIVE PROGRAM  
LEGISLATIVE LOBBYING ISSUES**

The following issues are of interest and/or concern to the Municipality of Anchorage. The list is intended to be dynamic and may change from time to time during the session.

**DUI Task Force Recommendations**

In its final report, the DUI Prevention Task Force presented approximately 25 recommendations which would require legislative authority to implement. The Municipality supports the Task Force's efforts in prioritizing and seeking legislative support for many of these changes.

**1986 Agreement for the Conveyance of Lands**

In 1986, the State of Alaska and the Municipality signed an agreement for the conveyance of lands intended to settle all outstanding claims and obligations between Anchorage and the State. 17,000 acres have yet to be conveyed. The Municipality requests the support of the Legislature in persuading the State Administration to convey the remaining 17,000 acres.

**Indemnity Provisions in Railroad Public Land Use Permits**

Ongoing controversies exist between municipalities and the Alaska Railroad Corporation regarding the liability associated with crossings of Railroad right of way. The Municipality supports legislation that would revise the interaction between the Alaska Railroad and affected municipalities through modification of the blanket indemnification provisions.

**Utility Liens Against Property**

The Municipality supports statutory authority for unpaid utility bills to be used as liens against property.

**Business Improvement Districts**

The Municipality supports legislation allowing the State of Alaska to participate as a voting and paying member of business improvement districts such as the Anchorage Downtown BID in order to reimburse the district for supplemental services provided to State owned or leased facilities in the District.

**Tax Increment Financing**

Tax Increment Financing (TIF) is a development tool designed to help finance certain eligible improvements to property in designated redevelopment areas by utilizing the new, or incremental, tax revenues generated by the project after completion. The Municipality supports the necessary changes to AS Titles 18 and 29 to allow for the creation and implementation of local tax increment financing districts.

X

HB 156

# Alaska State Legislature

Session  
State Capitol Building, Room 418  
Juneau, Alaska 99801-1182  
Phone (907) 465-2995  
Fax (907) 465-6592

Interim  
716 West Fourth Avenue, Suite 430  
Anchorage, Alaska 99501  
Phone (907) 269-0250  
Fax 9907) 269-0249

Chair, House Special Committee  
on Economic Development, Trade  
and Tourism

Chair, Joint House and Senate  
Administrative Regulation and  
Review Committee

Member  
Resources Committee  
Rules Committee

## Representative Lesil McGuire *House District 17*

### MEMORANDUM

TO: Representative Kevin Meyer  
Chair, House Community & Regional Affairs Committee

FROM: Representative Lesil McGuire

DATE: March 8, 2001

RE: HB 156  
"Municipal Debt For Development Projects"

I respectfully request that HB 156 be scheduled for a hearing in the House Community & Regional Affairs Committee.

Attached are the following back up:

1. Sponsor Statement
2. HB 156

If you have any questions please feel free to contact me personally, or my staff Sue Stancliff at ext. #4695.

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB 156  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): 03/14/2001 5:35p.m. Dept. Affected: DCED  
 Title: Act related to municipal debt for development BRU: Comm.Asst & Econ. Dev.  
and redevelopment projects Component: Community & Business  
 Sponsor: Representative McGuire Development  
 Requester: House Community & Regional Affairs Component Number: 2486

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
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 EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<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>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation would have no fiscal impact on this department.

Prepared by: Pat Poland, Director Phone 907-269-4580  
 Division: Division Community and Business Development Date/Time 03/14/2001 5:35p.m.  
 Approved by: Commissioner Deborah B. Sedwick Date 03/14/01  
 Agency: Department of Community & Economic Development

For distribution information, call the Governor's Legislative Office