

HB

389

ALASKA STATE LEGISLATURE

2/26

Interim:

600 East Railroad Avenue
Wasilla, Alaska 99654
(907) 373-1842
Fax - (907) 373-4729



Session:

State Capitol Building, Room 24
Juneau, Alaska 99801-1182
(907) 465-2186
Fax - (907) 465-3818

REPRESENTATIVE VIC KOHRING DISTRICT 26

To: Representative Carl Morgan
Co-Chair, Community & Regional Affairs Committee

From: Representative Vic Kohring *VK*

Date: February 12, 2002

Re: Request for Hearing HB 389

I respectfully request that a hearing be scheduled in your committee for HB 389. MUNI TAX EXEMPTION: DETERIORATED PROPERTY. This bill will extend the sunset date of the existing statute (AS 29.45.050(o)) from July 1, 2002 until July 1, 2005.

Attached are the bill, sponsor statement, and an overview and the historic documents of the two bills that established this statute in prior legislative sessions.

Thank you for your consideration.

ALASKA STATE LEGISLATURE



Interim:
600 East Railroad Avenue
Wasilla, Alaska 99654
(907) 373-1842
Fax - (907) 373-4729

Session:
State Capitol Building, Room 24
Juneau, Alaska 99801-1182
(907) 465-2186
Fax - (907) 465-3818

REPRESENTATIVE VIC KOHRING
DISTRICT 26

SPONSOR STATEMENT

HOUSE BILL 389

MUNI TAX EXEMPTION: DETERIORATED PROPERTIES

Alaska Statute 29.45.050 allows municipalities to exempt certain properties from property taxes. Historical sites, non-profit organization properties, and student housing are examples of allowed exemptions.

AS 29.45.050(o) allows municipalities to exempt deteriorated properties once substantial rehabilitation improvements have started. This concept is to encourage economic revitalization and increase a municipality's tax base.

AS 29.45.050(o) sunsets July 1, 2002. This bill will extend this date three years until July 1, 2005.

HB 389

MUNI TAX EXEMPTION: DETERIORATED PROPERTIES

Background Information

HB 399 was filed during the 1997 legislative session. HB 399 provided municipalities with the option to exempt and defer municipal property taxes on defined "deteriorated properties." This exemption/deferral was for up to five years once substantial rehabilitation was started and could only be granted once. The intent was to provide tax relief to increase financing options for those willing to rehabilitate condemned properties, eventually resulting in increased property values and municipal property taxes. No expiration date was included.

HB 399 was passed and AS 29.45.050(o) took effect July 1, 1998.

HB 76 was filed in the 1998 session. HB 76 amended AS 29.45.050(o) at the request of the Municipality of Anchorage. The changes were technical amendments to clarify the intent to encourage rehabilitation of deteriorated properties. HB 76 also included an expiration/sunset date of July 1, 2002.

HB 76 was passed and took effect July 1, 1999.

Alaska State Legislature

House of Representatives

COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE
MILITARY & VETERANS AFFAIRS
COMMUNITY & REGIONAL AFFAIRS
OIL & GAS



Representative Joe Ryan

1 800-922-3875

<http://www.akrepublicans.org>

INTERIM:

716 W. 4TH AVE.
ANCHORAGE, AK 99501
PHONE (907) 258-8161

SESSION:

STATE CAPITOL
ROOM 420
JUNEAU, AK 99801-1182
PHONE (907) 465-3875

SPONSOR STATEMENT for

House Bill 399

The intent of this bill is to authorize local municipalities the option to provide a tax exemption for improvements of deteriorated real property. The concept is based on other state's local economic revitalization tax programs. Local municipalities will have the flexibility of allowing renovations of real property in order to increase the value of that real property, for tax purposes.

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.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52

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.

[Signature]
Chair

ATTEST:

[Signature]
Municipal Clerk



February 10, 1999

To: House Community on Regional Affairs Committee

Att: Chairman Halcro

RE: HB76

From: Rod Pfeleger
Executive Director

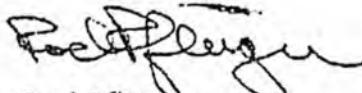
Dear Representative Halcro:

The statute embodied in SB54, AS29.45.050(o), became law last year. Subsequent to that the Anchorage Assembly passes AO98-135 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 Pfeleger

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

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.



UNITED BROTHERHOOD OF
Carpenters and Joiners of America

LOCAL UNION NO. 1281

407 DENALI
SUITE 100
PHONE 276-7333
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.

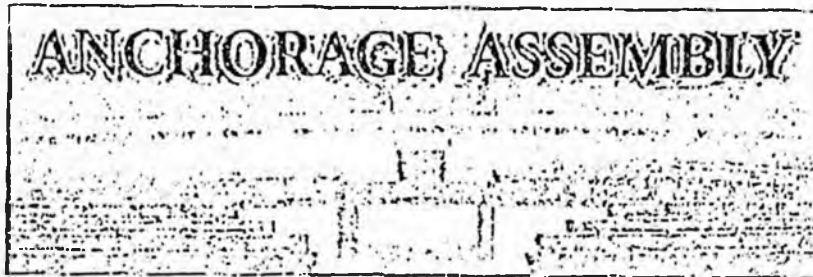
Very truly yours,

Royce R. Rock
Business Manager

Greg Mower
Director
(907) 343-4755

Elva Gray Jackson
Assembly Analyst
(907) 343-4751

Joy Pantalone
Admin. Assistant
(907) 343-4751



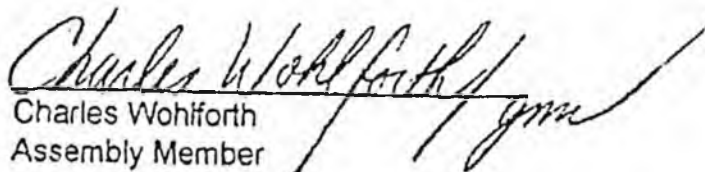
Date: February 10, 1999
To: House Community & Regional Affairs Committee
Attn: Rep. Halcro, Chairman
From: Charles Wohlforth, Assembly Member
Subject: HB76

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	7671	Date	# of pages
To	Rep. Halcro	From	
Co./Dept		Co	
Phone #		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

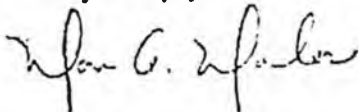
RE: HB76

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,



Marc A. Marlow

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 389
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Municipal Tax Exemption: Deteriorated Property BRU Community Assist & Econ Dev. (405)
 Component Community & Business Development
 Sponsor Representative Kohring
 Requester House Community & Regional Affairs Component No. 2486

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
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 EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill does not impact the operations of the department.

Prepared by: Pat Poland, Director
 Division: Community & Business Development
 Approved by: Deborah B. Sedwick, Commissioner
 Agency: Department of Community & Economic Development

Phone 907-269-4578
 Date/Time 2/25/02 5:01 PM
 Date 2/25/2002

ALASKA STATE LEGISLATURE



Interim:
600 East Railroad Avenue
Wasilla, Alaska 99654
(907) 373-1842
Fax - (907) 373-4729

Session:
State Capitol Building, Room 24
Juneau, Alaska 99801-1182
(907) 465-2186
Fax - (907) 465-3818

REPRESENTATIVE VIC KOHRING
DISTRICT 26

To: Representative Kevin Meyer
Co-Chair, Community & Regional Affairs Committee

From: Representative Vic Kohring 

Date: February 12, 2002

Re: Request for Hearing HB 389

I respectfully request that a hearing be scheduled in your committee for HB 389. MUNI TAX EXEMPTION: DETERIORATED PROPERTY. This bill will extend the sunset date of the existing statute (AS 29.45.050(o)) from July 1, 2002 until July 1, 2005.

Attached are the bill, sponsor statement, and an overview and the historic documents of the two bills that established this statute in prior legislative sessions.

Thank you for your consideration.

ALASKA STATE LEGISLATURE



Interim:

600 East Railroad Avenue
Wasilla, Alaska 99654
(907) 373-1842
Fax - (907) 373-4729

Session:

State Capitol Building, Room 24
Juneau, Alaska 99801-1182
(907) 465-2186
Fax - (907) 465-3818

REPRESENTATIVE VIC KOHRING
DISTRICT 26

SPONSOR STATEMENT

HOUSE BILL 389

MUNI TAX EXEMPTION: DETERIORATED PROPERTIES

Alaska Statute 29.45.050 allows municipalities to exempt certain properties from property taxes. Historical sites, non-profit organization properties, and student housing are examples of allowed exemptions.

AS 29.45.050(o) allows municipalities to exempt deteriorated properties once substantial rehabilitation improvements have started. This concept is to encourage economic revitalization and increase a municipality's tax base.

AS 29.45.050(o) sunsets July 1, 2002. This bill will extend this date three years until July 1, 2005.

HB 389

MUNI TAX EXEMPTION: DETERIORATED PROPERTIES

Background Information

HB 399 was filed during the 1997 legislative session. HB 399 provided municipalities with the option to exempt and defer municipal property taxes on defined "deteriorated properties." This exemption/deferral was for up to five years once substantial rehabilitation was started and could only be granted once. The intent was to provide tax relief to increase financing options for those willing to rehabilitate condemned properties, eventually resulting in increased property values and municipal property taxes. No expiration date was included.

HB 399 was passed and AS 29.45.050(o) took effect July 1, 1998.

HB 76 was filed in the 1998 session. HB 76 amended AS 29.45.050(o) at the request of the Municipality of Anchorage. The changes were technical amendments to clarify the intent to encourage rehabilitation of deteriorated properties. HB 76 also included an expiration/sunset date of July 1, 2002.

HB 76 was passed and took effect July 1, 1999.

Alaska State Legislature

House of Representatives

COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE
MILITARY & VETERANS AFFAIRS
COMMUNITY & REGIONAL AFFAIRS
OIL & GAS



Representative Joe Ryan

1 800-922-3875 <http://www.akrepublicans.org>

INTERIM:

716 W. 4TH AVE.
ANCHORAGE, AK 98501
PHONE (907) 258-8161

SESSION:

STATE CAPITOL
ROOM 420
JUNEAU, AK 99801-1182
PHONE (907) 465-3876

SPONSOR STATEMENT for

House Bill 399

The intent of this bill is to authorize local municipalities the option to provide a tax exemption for improvements of deteriorated real property. The concept is based on other state's local economic revitalization tax programs. Local municipalities will have the flexibility of allowing renovations of real property in order to increase the value of that real property, for tax purposes.

Bill Text



BILL ID: SCS HB 399(RLS)

00 SENATE CS FOR HOUSE BILL NO. 399(RLS)

01 *An Act relating to an optional exemption from, and deferral of payment of,
02 municipal taxes on deteriorated property, and defining 'deteriorated property' for
03 purposes of the exemption or deferral; and providing for an effective date.*

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

05 * Section 1. AS 29.45.050 is amended by adding a new subsection to read:

06 (o) A municipality may by ordinance partially exempt all or some types of
07 deteriorated property from taxation for up to five years after the day substantial
08 rehabilitation, renovation, or replacement of any structure on the property begins.
09 municipality may by ordinance permit deferral of payment of taxes on all or some
10 types of deteriorated property for up to five years after the day substantial
11 rehabilitation, renovation, or replacement of any structure on the property begins.
12 However, if the ownership of property for which a deferral has been granted is
13 transferred, all tax payments deferred under this subsection are immediately due ar
14 the deferral ends, or, if ownership of only part of the property is transferred, al
01 payments attributable to that part are immediately due and the deferral attributabl
02 that part ends. Only one exemption and only one deferral may be granted to the san
03 property under this subsection. In this subsection, "deteriorated property" means
04 property that is commercial property not used for residential purposes or that is n
05 unit residential property with at least eight residential units, and that

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

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

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

14 * Sec. 2. This Act takes effect July 1, 1998.

Bill Root: [Return to BASIS Main Menu\(20th Legislature\)](#)[Return to the Legislature Home Page](#)

BASIS Last Updated 12/31/98

CLERK'S OFFICE

APPROVED

Date: 2-2-99

ANCHORAGE, ALASKA

AR NO. 99- 29

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

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

19 WHEREAS, in September, 1998, pursuant to AS 29.45.050(o), the Assembly adopted AO 98-
20 135, providing for tax exemption and tax deferral for deteriorated property; and

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

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

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

37 NOW, THEREFORE, the Anchorage Assembly resolves:

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

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

44 PASSED AND APPROVED by the Anchorage Assembly this 2nd day of February,
45 1999.

[Signature]
Clerk

49 ATTEST:

50 *[Signature]*
51 Municipal Clerk
52

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.

Bill Text



BILL ID: HB 76

00 CS FOR HOUSE BILL NO. 76(RLS) am S

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

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

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

05 (o) A municipality may by ordinance partially or totally exempt all or some
06 types of deteriorated property from taxation for up to five years **beginning on or any**
07 **time** after the day substantial rehabilitation, renovation, or replacement of any structure
08 on the property begins. A municipality may by ordinance permit deferral of payment
09 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 **any [ONLY]**
14 **part** of the property is transferred, all tax payments [ATTRIBUTABLE TO THAT
01 **PART]** are immediately due. **The amount deferred each year is a lien on that**
02 **property for that year [AND THE DEFERRAL ATTRIBUTABLE TO THAT PART**
03 **ENDS].** Only one exemption and only one deferral may be granted to the same
04 property under this subsection, **and, if an exemption and a deferral are granted to**
05 **the same property, both may not be in effect on the same portion of the property**
06 **during the same time. An ordinance adopted under this subsection must include**
07 **specific eligibility requirements and require a written application for each**
08 **exemption or deferral.** In this subsection, "deteriorated property" means real property
09 that is commercial property not used for residential purposes or that is multi-unit
10 residential property with at least eight residential units, and that

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

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

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

19 * Sec. 2. AS 29.45.050(o) is repealed July 1, 2002.

20 * Sec. 3. This Act takes effect July 1, 1999.

Bill Root: Display Bill Root



TO REPORT PROBLEMS WITH BASIS INQUIRY



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 AO98-135 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

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.



UNITED BROTHERHOOD OF
Carpenters and Joiners of America

LOCAL UNION NO. 1281

407 DENALI
SUITE 100
PHONE 276 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 Mower
Director
(907) 343-4755

Eli Gray-Jackson
Assembly Analyst
(907) 343-4751

Joy Pantalone
Admin. Assistant
(907) 343-4750



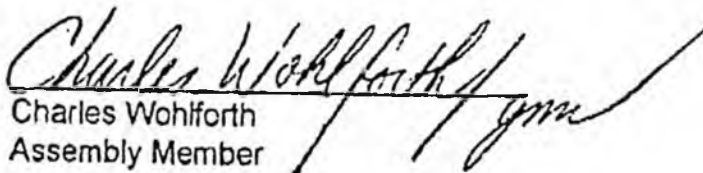
Date: February 10, 1999
To: House Community & Regional Affairs Committee
Attn: Rep. Halcro, Chairman
From: Charles Wohlforth, Assembly Member
Subject: **HB76**

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	7671	Date	# of pages
To	Rep. Halcro	From	
Co./Dept		Co	
Phone #		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

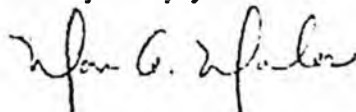
RE: HB76

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,



Marc A. Marlow