

HB

521

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED BY
MAY 09 2002
SENATE FINANCE
COMMITTEE

DATE: 5/8/02

FURTHER:

DATE TURNED
IN TO OFFICE: 9 May 2002

Finance Committee considered CS FOR HOUSE BILL NO. 521(CRA)

"An Act relating to municipal improvement areas."

and recommends:

- be replaced with S CS CS HB 521 (FIN)
- adopt previous CS CS forthcoming ()
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

- Senate Bill:**
 same title
 new title
House Bill:
 same title
 technical title
 new: SCR # _____

NEW FISCAL NOTE(S):

| Department | Date | Fiscal | Zero | FN# |
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PREVIOUS FISCAL NOTE(S):

| Department | Date | Fiscal | Zero | FN# |
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| DCED | 4/2/02 | | <input checked="" type="checkbox"/> | 1 |
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APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | DO PASS | DO NOT PASS | NO REC | AMEND |
|---------------------------------|-------------------------------------|-------------|-------------------------------------|-------|
| <i>[Signature]</i> | | | <input checked="" type="checkbox"/> | |
| <i>[Signature]</i> | | | <input checked="" type="checkbox"/> | |
| <i>[Signature]</i> | | | <input checked="" type="checkbox"/> | |
| <i>[Signature]</i> | <input checked="" type="checkbox"/> | | | |
| | | | | |
| COCHAIR: <i>[Signature]</i> | | | | |
| COCHAIR: <i>[Signature]</i> | | | <input checked="" type="checkbox"/> | |

MAY 09 2002

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 521(CRA)
(H) Publish Date: 4/23/02

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title An Act relating to municipal improvement areas BRU Community Asst & Econ.Dev (405)
Component Community & Business Development
Sponsor House Labor & Commerce Component No. 2486
Requester House Community & Regional Affairs

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 | | | | | | |
|-----------------------------|--|--|--|--|--|--|

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|-------------------------------|--|--|--|--|--|--|
| 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 legislation would have no fiscal impact on this division.

Prepared by: Pat Poland, Director Phone 907-269-4580
Division Community & Business Development Date/Time 4/22/02 11:33 AM
Approved by: Deborah B. Sedwick, Commissioner Date 4/22/2002
Agency Department of Community & Economic Development

ADOPTED

FINANCE
COMMITTEE
Amendment Number: #2
Bill Number: HB 521
Sponsor: LEMAN Date: 5/9/02
Logged In By: Robin

22-LS1690\F.1
Cook
5/8/02

AMENDMENT

OFFERED IN THE SENATE

TO: CSHB 521(CRA)

- 1 Page 1, line 8:
- 2 Delete "and general obligation bonds"
- 3 Insert ", general obligation bonds, and other forms of indebtedness"



Alaska State Senate

Senate Finance Committee

Official Business

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 9 May 2002 TIME: 6:20 pm

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 1

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final Please SCS CS-HB 521 (FIN)
22-LS1690\F

plus amendment F.1 Cook 5/8/02

Thx
Mindy
✍

Our Proof

Laura OK'd 5/11/02 11:10pm

22-LS1690V

SENATE CS FOR CS FOR HOUSE BILL NO. 521(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE LABOR AND COMMERCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to municipal improvement areas."

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

3 * Section 1. AS 29.47.460 is repealed and reenacted to read:

4 Sec. 29.47.460. Debt for improvement area projects. (a) A municipality
5 may issue bonds to finance or to make loans to finance the acquisition, construction,
6 rehabilitation, or development of public improvements in improvement areas. The
7 municipality may issue the bonds as general obligation bonds or as revenue bonds or
8 as a combination of revenue bonds, general obligation bonds, and other forms of
9 indebtedness. The municipality may pledge revenues described in (b) of this section,
10 payments to be made by users and owners of the improvements, payments to be made
11 by borrowers of the proceeds of the bonds, and any other revenues available to the
12 municipality to the payment of bonds issued under this subsection. To the extent that
13 the municipality issues general obligation bonds under this subsection, the provisions
14 of AS 29.47.180 - 29.47.200 apply to the bonds. To the extent that the municipality
15 issues revenue bonds under this subsection, the provisions of AS 29.47.250 and

2

1 29.47.260 apply to the bonds.

2 (b) A municipality may provide by ordinance that the tax increment from the
3 taxes levied each year by or on behalf of the municipality on the property in an
4 improvement area shall be issued to pay the principal and interest on bonds issued
5 under (a) of this section for improvements in that improvement area, and may
6 irrevocably pledge the tax increment from the area for that purpose. The area
7 described in the ordinance may be a service area. Nothing in this section obligates a
8 municipality that has issued bonds under (a) of this section and pledged a tax
9 increment to the payment of those bonds under this subsection to levy any tax in the
10 improvement area or any other area or to levy a tax at any particular rate within the
11 improvement area or any other area.

12 (c) The power granted by this section is in addition to other powers granted to
13 municipalities and does not restrict or limit the powers municipalities may have under
14 other provisions of law.

15 (d) In this section,

16 (1) "bonds" means bonds, notes, and other forms of indebtedness;

17 (2) "improvement area" means an area that a municipality determines
18 to be

19 (A) a blighted area on the basis of the substantial presence of
20 factors such as excessive vacant land on which structures were previously
21 located, abandoned or vacant buildings, substandard structures, and
22 delinquencies in payment of real property taxes; or

23 (B) an area that is capable of being substantially improved
24 based on the property value within the area;

25 (3) "tax increment" means the portion of a tax that is attributable to the
26 difference between the value of property within an improvement area shown on the
27 taxing agency's assessment roll for the year when the taxes are levied and the value of
28 the property shown on the taxing agency's last assessment roll that was equalized
29 before the improvements in the improvement area were authorized.

WITHDRAWN
SK102

SENATE FINANCE
COMMITTEE
Amendment Number: #1
Bill Number: HB 521
Sponsor: LEMAN Date: 5/8/02
Logged In By: Robin

AMENDMENT

OFFERED IN SENATE FINANCE
TO: CS HB 521 (CRA)

BY: SENATOR LEMAN

Page 1, Line 8:

Following "general obligation bonds" INSERT

or other forms of indebtedness

ALASKA STATE LEGISLATURE

Representative Lisa Murkowski Chair
Representative Andrew Halco Vice-Chair
Representative Pete Kott
Representative Kevin Meyer
Representative Norman Rokeberg
Representative Harry Crawford
Representative Joe Hayes



Alaska State Capitol
Juneau, AK 99801-1182
Telephone: (907) 465-4954
Fax: (907) 465-2293
Representative_Lisa_Murkowski@legis.state.ak.us

HOUSE LABOR AND COMMERCE COMMITTEE

Sponsor Statement House Bill 521 Municipal Improvement Areas

Tax increment financing (TIF) is a commonly accepted municipal planning and financial tool used to facilitate revitalization of blighted areas. Alaska adopted this tool for municipalities in 1988 with the adoption of AS 29.47.460. Essentially, the statute allows municipalities to issue bonds for improvement of blighted areas funded only by the tax revenues generated by the increased tax base that occurs as a result of the development. Consequently, other portions of the tax base are not called upon to subsidize such improvement, and the risk that the tax base will not increase is passed on to bondholders rather than to taxpayers when the bond is issued as a revenue bond.

House Bill 521 fine tunes current Alaska statute and makes it more useful under real life Alaska conditions. The new language clarifies whether TIF can be used only with general obligation bonds or with revenue bonds. The current provision is silent, leaving the matter to judicial interpretation. House Bill 521 makes clear that both methods can be used, and can be used in combination with the other.

House Bill 521 also newly defines "improvement area" to broaden the earlier restriction that TIF be used only with blighted areas. Blighted areas, as defined in existing law, are more of a "Rust Belt" concept of abandoned and vacant buildings, substandard structures, and tax delinquencies. In Alaska, some municipalities, like Anchorage, with its 2020 Comprehensive Plan, wish to shape development of town centers. The current definition of improvement area is too restrictive for such use. Anchorage's blighted areas are often areas of substandard improvement surrounded by vacant land or inappropriate grandfathered development. The new definition gives municipalities a much improved and more flexible financial tool to guide positive development into the future.

ALASKA STATE LEGISLATURE

Representative Lisa Murkowski Chair
Representative Andrew Halcio Vice-Chair
Representative Pete Kott
Representative Kevin Meyer
Representative Norman Rokeberg
Representative Harry Crawford
Representative Joe Hayes



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Juneau, AK 99801-1182
Telephone: (907) 465-4954
Fax: (907) 465-2293
Representative_Lisa_Murkowski@legis.state.ak.us

HOUSE LABOR AND COMMERCE COMMITTEE

Current Statute Municipal Programs

Sec. 29.47.460. Debt for development and redevelopment projects. (a) In undertaking a development or redevelopment project, a municipality may issue bonds to finance public improvements for the project, including bonds for development or redevelopment purposes in blighted areas. In this subsection

(1) "blighted area" means an area that the municipality determines to be a blighted area on the basis of the substantial presence of factors such as excessive vacant land on which structures were previously located, abandoned or vacant buildings, substandard structures, and delinquencies in payment of real property taxes;

(2) "redevelopment purposes" means the

(A) acquisition by the municipality of real property located in a blighted area;

(B) clearing and preparation for redevelopment of land acquired under (A) of this paragraph;

(C) rehabilitation of real property acquired under (A) of this paragraph; in this subparagraph, "rehabilitation" does not include construction, other than rehabilitation, of property or the enlargement of an existing building; and

(D) relocation of occupants of the real property acquired under (A) of this paragraph.

(b) A municipality may provide by ordinance that the tax increment from the taxes levied each year by or on behalf of the municipality on the property in an area described in the ordinance shall be used to repay the principal and interest on bonds, notes, or other indebtedness that is incurred for a development or redevelopment project, and may irrevocably pledge the tax increment from the area for that purpose. The area described in the ordinance may be a service area. In this subsection "tax increment" means the portion of the tax that is attributable to the difference between the value of the property shown on the taxing agency's assessment roll for the year when the taxes are levied and the value of the property shown on the taxing agency's last assessment roll that was equalized before the project was authorized.

SENATE COMMITTEE REPORT

DATE: 4/25/02

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 5/3/02

Community and Regional Affairs Committee considered

CS FOR HOUSE BILL NO. 52 (CRA)

"An Act relating to municipal improvement areas."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR # _____

NEW FISCAL NOTE(S):

| Department | Date | Fiscal | Zero | FN# |
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PREVIOUS FISCAL NOTE(S):

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APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | DO PASS | DO NOT PASS | NO REC | AMEND |
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| <i>[Signature]</i> | | | | |
| <i>[Signature]</i> | | | | |
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| CHAIR: <i>[Signature]</i> | | | | |