

HB

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121</subject><comm>SF1N26</comm></target>



Municipality of Anchorage

P.O. Box 196650 • Anchorage, Alaska 99519-6650 • Telephone: (907) 343-4431 • Fax: (907) 343-4498 <http://www.muni.org>

Mayor Mark Begich

Office of the Mayor

December 31, 2008

To the Members of the Alaska State Legislature:

On December 16, 2008 the Anchorage Assembly passed a Resolution that urges the State Legislature to enact legislation that would level the playing field between the University of Alaska Anchorage and Alaska Pacific University's contiguous campus when it comes to property taxation. The phrase "contiguous campus" is an important limitation upon APU's equalization, and one that APU agrees with. It precludes APU from buying additional property and then competing with the private sector for development dollars.

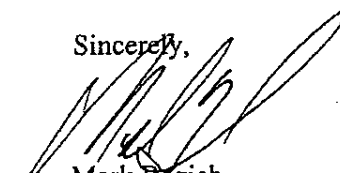
The Anchorage Assembly was impressed by the contribution at APU has made and continues to make to Anchorage—as an economic engine (\$200,000,000 spent locally since 1995), as an important part of the city's educational landscape, and as an institution offering manifold public services at little or no cost to the people of Anchorage.

Alaska Pacific University was not assessed any property taxes for its first 47 years until a new ruling by the Municipal Assessor in 2005. APU has contested this ruling for the past three years. In the past, I have not opposed this equalization of property taxation between our two Alaska universities, but the Municipal Attorney has clearly shown me that only the State Legislature, not the Mayor's Office nor the Anchorage Assembly, can effect this change.

As APU enters its 50th year of life—it was founded in 1959, the year of statehood, I too urge you to pass this legislation. As Mark Hamilton, President of the University of Alaska, himself said, "It is simply the right thing to do."

Alaska Pacific University has served Anchorage and its public for decades without Alaska taxpayer support. I urge you also to do the right thing and equalize the property taxation between Alaska Pacific University's contiguous campus here in Anchorage, and the University of Alaska.

Sincerely,



Mark Begich
Mayor

Community, Security, Prosperity

4/16/09

KX Date/Time JRN-13-2009(TUE) 07:59
Jan-13-09 07:52am From-UA PRES/REGENTS OFC

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9074508012

4/16/09
P 002
T-328 P.02/02 F-168

Mark R. Hamilton, President
Phone: (907) 450-8000
Fax: (907) 450-8012
EMAIL: sypres@alaska.edu



UNIVERSITY
of ALASKA
Many Traditions One Alaska

202 Butrovich Building
910 Yukon Drive
P.O. Box 755000
Fairbanks, AK 99775-5000

January 12, 2009

Dear Legislators:

I join the Anchorage Assembly and the leadership of Alaska Pacific University in urging that APU enjoy tax exemption on the use of its historic, contiguous acreage in Anchorage. It is in the best interests of the State of Alaska that we maintain the viability of a private University in our state. APU is complimentary to the State University system; and we work together well in providing non-duplicative programs. The "endowment properties" are sufficient to maintain APU in its current and envisioned size and role if they can be assured that those properties will not suffer from property tax.

With the loss of Sheldon Jackson, the importance of APU is magnified. I believe this small consideration will return to the State of Alaska many times over in the careers and contributions of APU's graduates.

Respectfully,

A handwritten signature in black ink, appearing to read "Mark R. Hamilton", written in a cursive style.

Mark R. Hamilton
President

cc: President Douglas M. North, APU



**ALASKA STATE LEGISLATURE
HOUSE RULES COMMITTEE**
REPRESENTATIVE JOHN COGHILL, CHAIRMAN
State Capitol Juneau, AK 99801-1182 (907) 465-3719
3340 Badger Road Suite #290, North Pole, AK 99705 (907) 488-5725

Sponsor Statement

HB 121

**"An Act relating to municipal property tax credit for an
improvement that aids in improving air quality"**

(26-LS0540\A)

The purpose of House Bill 121 is to provide a municipality with the statutory authority to pass an ordinance to provide for air quality tax credits. These tax credits will help offset a portion of the property taxes and encourage property owners to invest in improvements that help improve air quality.

Each municipality will establish the eligibility, conditions and other criteria for a tax credit by passing ordinances that will be based on local public input and specific community conditions.

ALASKA STATE LEGISLATURE
HOUSE RULES COMMITTEE
REPRESENTATIVE JOHN COGHILL, CHAIRMAN
State Capitol Juneau, AK 99801-1182 (907) 465-3719
3340 Badger Road Suite #290, North Pole, AK 99705 (907) 488-5725

Sectional

HB121

**“An Act relating to municipal property tax credit for an
improvement that aids in improving air quality”**

(26-LS0540\A)

Section 1. AS 29.45 is amended by adding a new section to read:

Sec. 29.45.048 Air quality improvement tax credit. A municipality may, by ordinance, provide for an air quality improvement tax credit to offset a portion of the property taxes due on property that, during the immediately preceding tax year, has been improved in a way that aids in improving the air quality in the municipality. The amount of the credit shall be based on a percentage of the verifiable costs of the improvement, and the credit may be granted for more than one year. The ordinance may limit the availability of a credit to some, but not all types of improvements for which a credit may be granted under this section and to property located in areas that do not meet air quality standards required by federal or state law or regulation. Eligibility, conditions, and other criteria for the credit shall be established in the ordinance adopted under this section.

This new section provides municipalities the opportunity to offer property owners a tax credit if they make qualifying air quality improvements on their property.

The amount of the credit is based on a percentage of the verifiable costs of the improvement, and the tax credit may be granted for more than one year.

This new section further states that an ordinance may place some restrictions on availability of the tax credit, the type of improvement, and the property location. The ordinance will establish the eligibility, conditions and other criteria for the tax credit that allows each municipality the leeway to pass an ordinance that is specific to its own unique air quality issues, location, and property.

SENATE FINANCE COMMITTEE REPORT

DATE: 4/11/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered CS FOR HOUSE BILL NO. 121(FIN)

HB 121 MUNICIPAL AIR QUALITY PROPERTY TAX CREDIT

"An Act relating to and authorizing certain municipalities to provide a property tax credit for an improvement that aids in improving air quality."

and recommends:

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

SENATE BILL:
 Same Title
 New Title

HOUSE BILL:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____

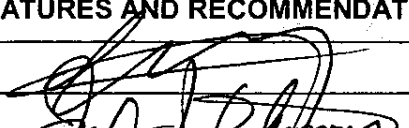
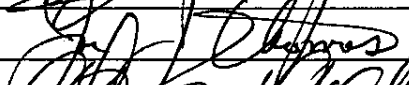
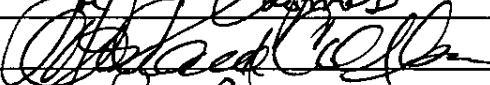
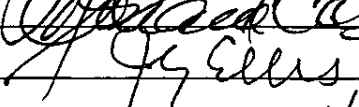
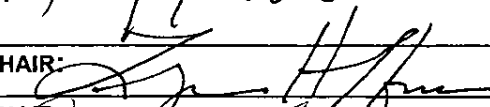
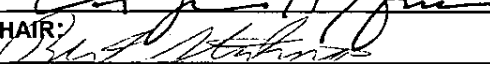
NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
CED	2/13/09			✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	HUMANS			 	
	THOMAS	✓			
	OUSCAR			✓	
	ELLIS	✓			
CO-CHAIR: 	HOFFMAN	✓			
CO-CHAIR: 	STEDMAN	✓			

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 121
(H) Publish Date: 2/18/09

Identifier (file name): HB121-CED-CRA-2-13-09 Dept. Affected: DCCED
Title: Municipal Air Quality Property Tax Credit RDU: Community and Regional Affairs
Component: Community and Regional Affairs
Sponsor: Representative Coghill
Requester: House Community and Regional Affairs Committee Component Number: 2879

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
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	0.0	0.0

CAPITAL EXPENDITURES								
-----------------------------	--	--	--	--	--	--	--	--

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

FUND SOURCE (Thousands of Dollars)

	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2009) cost: _____

POSITIONS

	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill would allow municipalities to provide a property tax exemption based on a percentage of verifiable air quality improvement costs on a property.

The Department of Commerce, Community and Economic Development does not foresee a fiscal impact as a result of this bill.

Prepared by: Tyson Fick, Legislative Liaison
Division: DCCED
Approved by: Emil Notti, Commissioner
Department of Commerce, Community and Economic Development

Phone 465-2503
Date/Time 02/13/09 1:00pm
Date 2/13/2009

CS FOR HOUSE BILL NO. 121(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/6/09

Referred: Rules

Sponsor(s): REPRESENTATIVES COGHILL, Kawasaki, Gara, Ramras, Kelly, Harris, Foster, Thomas, Lynn

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to and authorizing certain municipalities to provide a property tax
2 credit for an improvement that aids in improving air quality."

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

4 * Section 1. AS 29.45 is amended by adding a new section to read:

5 **Sec. 29.45.048. Air quality improvement tax credit.** A municipality that
6 includes within its boundaries an area that fails to meet federal or state air quality
7 standards for fine particles that are less than or equal to 2.5 micrometers in diameter
8 may, by ordinance, provide for an air quality improvement tax credit to offset a
9 portion of the property taxes due on property that, during the immediately preceding
10 tax year, has been improved in a way that aids in improving the air quality in the
11 municipality. The municipality shall establish eligibility, conditions, and other criteria
12 for the credit in the ordinance adopted under this section.

13 * Sec. 2. AS 29.45.048 is repealed on January 1, 2016.

w/D

1

AMENDMENT

OFFERED IN THE SENATE FINANCE COMMITTEE

Thursday, May 16, 2009

To: SCS HB 121 (FIN)
Work Draft: 26-LS0540 / ~~S~~T

by Senator Olson

ADD NEW SECTION (renumber accordingly):

Section 19, ch. 117, SLA 2000, as amended by sec. 2, ch. 74, SLA 2003, and by sec. 3, ch. 67, SLA 2008, is amended to read:

Sec. 19. Section 3 of this Act takes effect November 30, 2012 [2009].

*Adopted
4/14/09
Rescinded*

26-LS0540\T
Cook
4/14/09

SENATE CS FOR CS FOR HOUSE BILL NO. 121(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES COGHILL, Kawasaki, Gara, Ramras, Kelly, Harris, Foster, Thomas, Lynn

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to and authorizing certain municipalities to provide a property tax**
2 **credit for an improvement that aids in improving air quality; and relating to an optional**
3 **exemption from municipal property taxes for certain college property."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 *** Section 1.** AS 29.45 is amended by adding a new section to read:

6 **Sec. 29.45.048. Air quality improvement tax credit.** A municipality that
7 includes within its boundaries an area that fails to meet federal or state air quality
8 standards for fine particles that are less than or equal to 2.5 micrometers in diameter
9 may, by ordinance, provide for an air quality improvement tax credit to offset a
10 portion of the property taxes due on property that, during the immediately preceding
11 tax year, has been improved in a way that aids in improving the air quality in the
12 municipality. The municipality shall establish eligibility, conditions, and other criteria
13 for the credit in the ordinance adopted under this section.

14 *** Sec. 2.** AS 29.45.050(b) is amended to read:

1 (b) A municipality may by ordinance

2 (1) classify and exempt from taxation

3 (A) the property of an organization not organized for business
4 or profit-making purposes and used exclusively for community purposes if the
5 income derived from rental of that property does not exceed the actual cost to
6 the owner of the use by the renter;

7 (B) historic sites, buildings, and monuments;

8 (C) land of a nonprofit organization used for agricultural
9 purposes if rights to subdivide the land are conveyed to the state and the
10 conveyance includes a covenant restricting use of the land to agricultural
11 purposes only; rights conveyed to the state under this subparagraph may be
12 conveyed by the state only in accordance with AS 38.05.069(c);

13 (D) all or any portion of private ownership interests in property
14 that, based upon a written agreement with the University of Alaska, is used
15 exclusively for student housing for the University of Alaska; property may be
16 exempted from taxation under this subparagraph for no longer than 30 years
17 unless the exemption is specifically extended by ordinance adopted within the
18 six months before the expiration of that period;

19 (E) property of a private, nonprofit four-year college or
20 university that is accredited by a regional or national accrediting agency
21 recognized by the Council for Higher Education Accreditation or the
22 United States Department of Education, or both, that is not subject to the
23 mandatory exemption described in AS 29.45.030(a)(3); however, a private
24 leasehold, contract, or other interest in the property is taxable to the
25 extent of the private interest;

26 (2) classify as to type and exempt or partially exempt some or all types
27 of personal property from ad valorem taxes.

28 * Sec. 3. AS 29.45.048 is repealed on January 1, 2016.

*Adopted
4/14/09*

26-LS0912\A
Cook
4/14/09

SENATE CONCURRENT RESOLUTION NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Introduced:
Referred:

A RESOLUTION

1 **Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State**
2' **Legislature, concerning House Bill No. 121, relating to a municipal property tax credit**
3 **for an improvement that aids in improving air quality.**

4 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 That under Rule 54, Uniform Rules of the Alaska State Legislature, the provisions of
6 Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, regarding
7 changes to the title of a bill, are suspended in consideration of House Bill No. 121, relating to
8 a municipal property tax credit for an improvement that aids in improving air quality.

Submitted by: ASSEMBLY MEMBER COFFEY
Prepared by: Assembly Counsel
For reading: December 16, 2008

**ANCHORAGE, ALASKA
AR NO. 2008-329**

1 **A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY RELATING TO THE**
2 **PROPERTY TAX STATUS OF ALASKA PACIFIC UNIVERSITY CAMPUS PROPERTY**
3 **USED TO GENERATE INCOME TO SUPPORT ALASKA PACIFIC UNIVERSITY'S**
4 **EDUCATIONAL PROGRAMS.**
5

6
7 WHEREAS, Alaska Pacific University, a private education institution serving an
8 important public purpose, is a non-profit corporation which exists to encourage, promote,
9 and extend instruction, research and education; and
10

11 WHEREAS, Alaska Pacific University and the United States Department of the
12 Interior agreed that use of the Alaska Pacific University campus property for "educational
13 and public purposes" allows development of revenue producing facilities on the campus;
14 and
15

16 WHEREAS, Alaska Pacific University reports that none of its educational programs
17 are profitable, revenue from tuition and fees covers only a portion of the cost of operating
18 the University, and funds generated by income producing campus property is an essential
19 component of the university's budget; and
20

21 WHEREAS, beginning with tax year 2006, the Municipality of Anchorage has
22 assessed property tax on that portion of Alaska Pacific University campus property under
23 lease to for-profit enterprise; and
24

25 WHEREAS, Alaska Pacific University provides an early honors program in
26 cooperation with the Anchorage School District allowing Anchorage students to finish their
27 high school education and obtain college level instruction and credit, which program
28 lessens the burden on the government of providing public education for students enrolled
29 in the program; and
30

31 WHEREAS, use of campus property (whether for classrooms, research facilities,
32 administrative offices, recreation facilities, faculty, student and administrative housing,
33 public broadcasting or leases to other parties which facilitate creation of educational
34 opportunities or programs or which have a significant relation to an existing education
35 program offered by Alaska Pacific University) provides a significant public benefit,
36 improves public welfare and lessens the burden on the government of providing public
37 education; and
38

39 WHEREAS, Alaska Pacific University is a tax-exempt educational institution under
40 the Internal Revenue Code; and

1
2 WHEREAS, both Alaska Pacific University and the University of Alaska Anchorage
3 are significant institutions in the Municipality that enhance the educational and cultural
4 fabric of this community; and
5

6 WHEREAS, the real property owned by the University of Alaska Anchorage and
7 leased to for-profit entities to generate income for the University of Alaska, is not subject to
8 municipal property tax under state law; and
9

10 WHEREAS, Alaska Pacific University, as a private accredited post secondary
11 institution, seeks an exemption in state law from municipal taxation on parity with the
12 University of Alaska Anchorage, for all campus property, including all income-producing
13 property under lease to for-profit enterprise;
14

15 NOW, THEREFORE, the Anchorage Assembly recognizes and resolves:
16

17 1. Private accredited post secondary institutions make important social and
18 economic contributions to the community.
19

20 2. Alaska Pacific University receives no direct funding from the Municipality of
21 Anchorage.
22

23 3. Absent a change in state law, certain income-producing property of Alaska
24 Pacific University under lease to for-profit enterprise is not exempt from municipal property
25 tax.
26

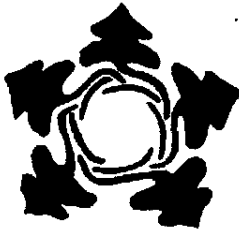
27 4. The Alaska Legislature is encouraged to enact legislation authorizing a
28 municipal property tax exemption to Alaska Pacific University for all of its contiguous
29 Anchorage Campus, so that Alaska Pacific University campus property would be taxed no
30 more than University of Alaska Anchorage property.
31

32 PASSED AND APPROVED by the Anchorage Assembly this _____ day of
33 _____, 2008.
34

35 _____
36 Chair

37 ATTEST:
38

39 _____
40 Municipal Clerk



4/16/09

Alaska Conservation Alliance

Uniting for Alaska's Future

March 13, 2009

State House of Representatives
Alaska State Capitol
Juneau, Alaska 99801-1182

Dear Representatives Coghill and Kawasaki,

On behalf of the 40 conservation groups and the 38,000 Alaskans that are represented by the Alaska Conservation Alliance, I am pleased to acknowledge our strong support for HB121 allowing municipalities to offer property tax credits for reductions in emissions. Offering an incentive to decrease emissions rewards pro-active Alaskans without penalizing others. Current tools available to municipalities to reduce emissions are limited to banning certain actions and other punitive measures and without this change to Title 29, municipalities are missing a very useful tool to use to become compliant with the clean air act.

HB121 could help reduce harmful levels of PM_{2.5} in the air. PM_{2.5} is particulate matter that is 2.5 micrometers in diameter and smaller, less than 1/10 of the diameter of a single strand of hair. This type of air pollution is unhealthy to breath because of its small size. The particles can travel deep into the respiratory tract to the lungs and has been associated with short-term health effects such as eye, nose, throat and lung irritation, coughing, sneezing, runny nose and shortness of breath. Studies also suggest that long term exposure to fine particulate matter may be associated with increased rates of chronic bronchitis, reduced lung function and increased mortality from lung cancer and heart disease. People with breathing and heart problems, children and the elderly may be particularly sensitive to PM_{2.5}. While there are many difference sources of pollution, HB121 would address the PM_{2.5} pollution coming from the burning of wood, heating oil, coal and natural gas in Alaskan homes.

In March 2007 the EPA set new requirements for air quality – defining those areas not meeting national PM_{2.5} air quality standards for over 3 years as “non-attainment” areas. Currently there are two areas designated as non-attainment in Alaska - Fairbanks and Juneau. States must submit an implementation plan to the EPA for these non-attainment areas to show how they will address PM_{2.5} levels. By allowing these and other municipalities an additional method for controlling air pollution they can potentially avoid the health and economic consequences of a non-attainment listing. HB121 does not *require* municipalities to make any change but simply puts an additional tool into the toolbox.

In conclusion, we support this bill as a way to encourage better air quality through incentives, should the municipalities choose to use it. The Alaska Conservation Alliance strongly encourages the Alaska Legislature to pass HB 121. Thank you for your time and consideration.

Sincerely,



Kate Troll
Executive Director

CC: House Finance Committee

4/10/09



217 Second Street, Suite 200 ♦ Juneau, Alaska 99801
Tel (907) 586-1325 ♦ Fax (907) 463-5480 ♦ www.akml.org

**ALASKA MUNICIPAL LEAGUE
BOARD OF DIRECTORS**

RESOLUTION #BOD2009-02

**A RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE BOARD OF DIRECTORS
ADVOCATING FOR AMENDING TITLE 29 TO ALLOW LOCAL GOVERNMENT OPTION
TO CONSIDER PROPERTY TAX CREDITS FOR IMPROVEMENTS TO AIR QUALITY
CONDITIONS AND FUEL CONSUMPTION**

WHEREAS, Alaska Municipal League Board of Directors supports the issue of local governments being able to develop local responses to Alaska's energy solutions; and

WHEREAS, municipalities should have the ability to adopt local incentives to encourage individuals to make their homes and businesses more energy efficient thereby improving local air quality; and

WHEREAS, local taxation policy determined by Title 29 currently allows a property tax credit only for river bank habitat protection; and

WHEREAS, by providing for an optional tax credit, local municipalities will be able to consider providing property tax credits for actions, such as reducing fuel consumption, that councils or assemblies determine will improve air quality; and

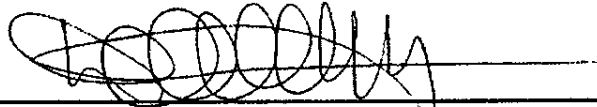
WHEREAS, the Alaska Municipal League Board of Directors believes it is in the best interest of Alaska to allow local government to encourage its citizens to make improvements to their home and businesses that positively impact the community's air quality and to heat their homes and businesses in the most environmentally responsible way possible.

NOW, THEREFORE BE IT RESOLVED that the Alaska Municipal League Board of Directors supports an amendment to Title 29 that provides local municipalities with the ability to provide tax incentives for residences or commercial businesses to improve the energy efficiency of their property, convert from carbon based energy consumption to alternative energy generation or to take other steps that positively impact their community's air quality; and

NOW, THEREFORE BE IT RESOLVED that the Alaska Municipal League Board of Directors supports legislation authorizing an air quality improvement tax credit that allows specific eligibility, conditions, and other criteria for the tax credits to be established by local ordinance so that governments will have flexibility in crafting appropriate tax incentives that meet their individual community's needs.

PASSED AND APPROVED by the Alaska Municipal League Board of Directors on this 30th day of January, 2009.

Signed:



Denise Michels, President, Alaska Municipal League

Attest:



Kathie Wasserman, Executive Director, Alaska Municipal League



Fairbanks North Star Borough

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267

907/459-1300

Fax 907/459-1102

Email mayor@co.fairbanks.ak.us

4/16/09

Office of the Mayor

February 9, 2009

The Honorable Bob Herron, Co-Chair
House Community & Regional Affairs Committee
State Capitol
Juneau, Alaska 99811

Dear Representative Herron:

The Fairbanks North Star Borough appreciates Representative Coghill and Representative Kawasaki's efforts to address a very serious issue facing our community by introducing HB 121. This letter is being offered in support of the change to Alaska Statutes, Title 29 proposed by HB 121, "An Act relating to a municipal property tax credit for an improvement that aids in improving air quality." This bill, if enacted by the legislature, will provide tools to local municipalities that can be used to create incentives for individuals to take actions that will improve local air quality and reduce fuel consumption. Local taxation policy and discretion is governed by Title 29 of the Alaska Statutes. Tax exemptions and tax credits are only permitted within the authority of this section of state law.

The proposed legislation expands the discretion of local municipalities in a manner that allows, by ordinance, creation of programs that will offer tax credits for actions that the local governing body determines will improve air quality. The language proposed requires that eligibility, conditions, and other criteria for the tax credits be established by ordinance.

Example of how this proposed legislation might be used by a municipality include:

- Incentives to residents to exchange old-style wood stoves for EPA certified wood stoves. Data show that EPA certified wood stoves reduce fine particulate emissions by approximately 67% over non-EPA stoves. It is clearly in the interest of any community with air quality nonattainment issues to have citizens who choose to heat with wood do so in the most environmentally friendly way possible.
- Incentives to residences or commercial businesses to improve the energy efficiency of their property. Reduced fuel consumption would lead to reduced emissions from area heating or electric generation. Incentives could be based on calculated BTU savings, MW reductions, etc.
- Incentives to convert from carbon based energy consumption to alternative energy generation. This could involve tax credits for

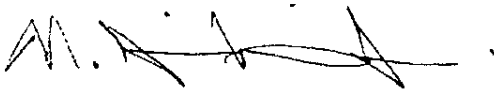
Letter to the Honorable Bob Herron
February 9, 2009
Page 2

construction and use of a solar array or wind turbine to power/heat residential or commercial facilities.

As the Fairbanks North Star Borough and the State of Alaska look to find solutions that will help the borough and the state come into compliance with the clean air act, there exists a clear lack of ability to provide incentives at the local level. Compliance efforts will ask individuals to take and pay for actions to benefit the air quality of the entire community. Enactment of this bill will allow local municipalities the ability to lessen the individual cost of action through creation of a tax credit program not presently allowed by state law.

The Fairbanks North Star Borough Assembly passed a resolution including this item as an FNSB legislative priority for 2009 on December 11, 2008. We support this bill and urge its passage as drafted and introduced on February 4, 2009.

Thank you.



Jim Whitaker, Mayor



Nadine Winters, Presiding Officer

JW:csm