

HB

148

<TARGET><BILL>HB 148</BILL><SUBJECT>HB
148</SUBJECT><COMM></COMM></TARGET>

HB 148 SECOND BOROUGH SERVICE AREAS

Sponsor: Rep. Mike Chenault

House Action

Committee Referrals: Community and Regional Affairs
DP: Westlake, Saddler, Talerico, Drummond, Rauscher,
Fansler, Parish

Floor Action: Passed
Yeas: 35
Excused: 4
Absent: 1

Senate Action

Committee Referrals: State Affairs (FIRST HEARING TODAY!)

There is a companion bill by Sen. Micciche (SB 77)

Bill Analysis:

This would expand the authority for second-class boroughs to exercise the local option of creating a non-taxable service area to provide emergency response along state highway corridors not covered by existing emergency services areas. In particular, this legislation would enable the Kenai Peninsula Borough to establish a service area for coordinated coverage for the almost 90 miles of the heavily traveled Seward and Sterling highways that are not within the boundaries of any established emergency services area.

The bill proposes additional language in AS 29.35.490(a) Establishment of a Service Area, allowing second-class boroughs to create service areas along state highway corridors by ordinance, provided that no voters reside within the service area boundaries and no new taxes are levied for the service area. Under the current statute, approval by a majority of voters is required to create a new service area with residents- this legislation would not change that provision. The intent is to deal only with unpopulated highway right-of-way corridors. Second class boroughs within the state, besides the Kenai Peninsula Borough, are the Aleutians East Borough, the Fairbanks North Star Borough, the Ketchikan Gateway Borough, the Kodiak Island Borough, and the Matanuska-Susitna Borough.

Fiscal Notes:

There is one fiscal note from DCCED, it is ZERO.

COMMENTS:

This is about local control to be able to provide emergency services where nobody lives but many people traverse. Some of the questions that can be asked: What if the emergency happens outside of the second-class borough but still within the service area? How is the service area defined? The fiscal note is zero are there federal funds that can be used to cover these emergency services if they are uninhabited?

Alaska State Legislature

State Capitol, Room 434
Juneau, Alaska 99801-1182
Phone: 907-465-3779
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145 Main St. Loop
Suite 223
Kenai, Alaska 99611
Phone: 907-283-7223

REPRESENTATIVE MIKE CHENAULT HOUSE DISTRICT 29

SPONSOR STATEMENT

HOUSE BILL 148: "An Act relating to service areas in second class boroughs; and providing for an effective date."

House Bill 148 expands the authority for second-class boroughs to exercise the local option of creating a non-taxable service area to provide emergency response along state highway corridors not covered by existing emergency services areas. In particular, this legislation would enable the Kenai Peninsula Borough to establish a service area for coordinated coverage for the almost 90 miles of the heavily traveled Seward and Sterling highways that are not within the boundaries of any established emergency services area.

The bill proposes additional language in AS 29.35.490(a) Establishment of a Service Area, allowing second-class boroughs to create service areas along state highway corridors by ordinance, provided that no voters reside within the service area boundaries and no new taxes are levied for the service area. Under the current statute, approval by a majority of voters is required to create a new service area with residents — this legislation would not change that provision. The intent is to deal only with unpopulated highway right-of-way corridors. Second class boroughs within the state, besides the Kenai Peninsula Borough, are the Aleutians East Borough, the Bristol Bay Borough, the Fairbanks North Star Borough, the Ketchikan Gateway Borough, the Kodiak Island Borough and the Matanuska-Susitna Borough.

In the case of the Kenai Peninsula, subject to borough assembly approval, the municipal government could use a portion of its federal payment-in-lieu-of-taxes (PILT) allocation to cover the costs of providing highway corridor travelers with life-and-safety response services.

The Overview, Background and Conclusion brief that is included in your back up materials provides a more in-depth analysis as to why this legislation is necessary and needed.



One Sealaska Plaza, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

March 8, 2017

Representative Mike Chenault
Alaska State House
Alaska State Capitol
Juneau, Alaska

RE: HB 148: An Act relating to service areas in second class boroughs; and providing for an effective date.

Dear Representative Chenault,

The Alaska Municipal League stands in support of HB 148. This bill appears to address a real concern and actually comes up with a workable solution.

The Kenai Peninsula Borough finds itself with just under 100 miles of road through unoccupied land, which presently lacks consistent coordinated emergency service coverage. The Borough wishes to create a highway corridor service area funded by federal Payment in Lieu of Taxes (PILT) funds.

While the larger boroughs may have excellent coverage to specific areas, often there are gaps in that coverage due to uninhabited land masses. Accidents taking place in those areas are many times served based on specific availability during that particular incident. Obviously, consistent and planned response should be in place. This bill will allow that to happen. Current statutes require a service area to be created through voter approval. This legislation, however, specifically deals those areas devoid of voters which may still require services.

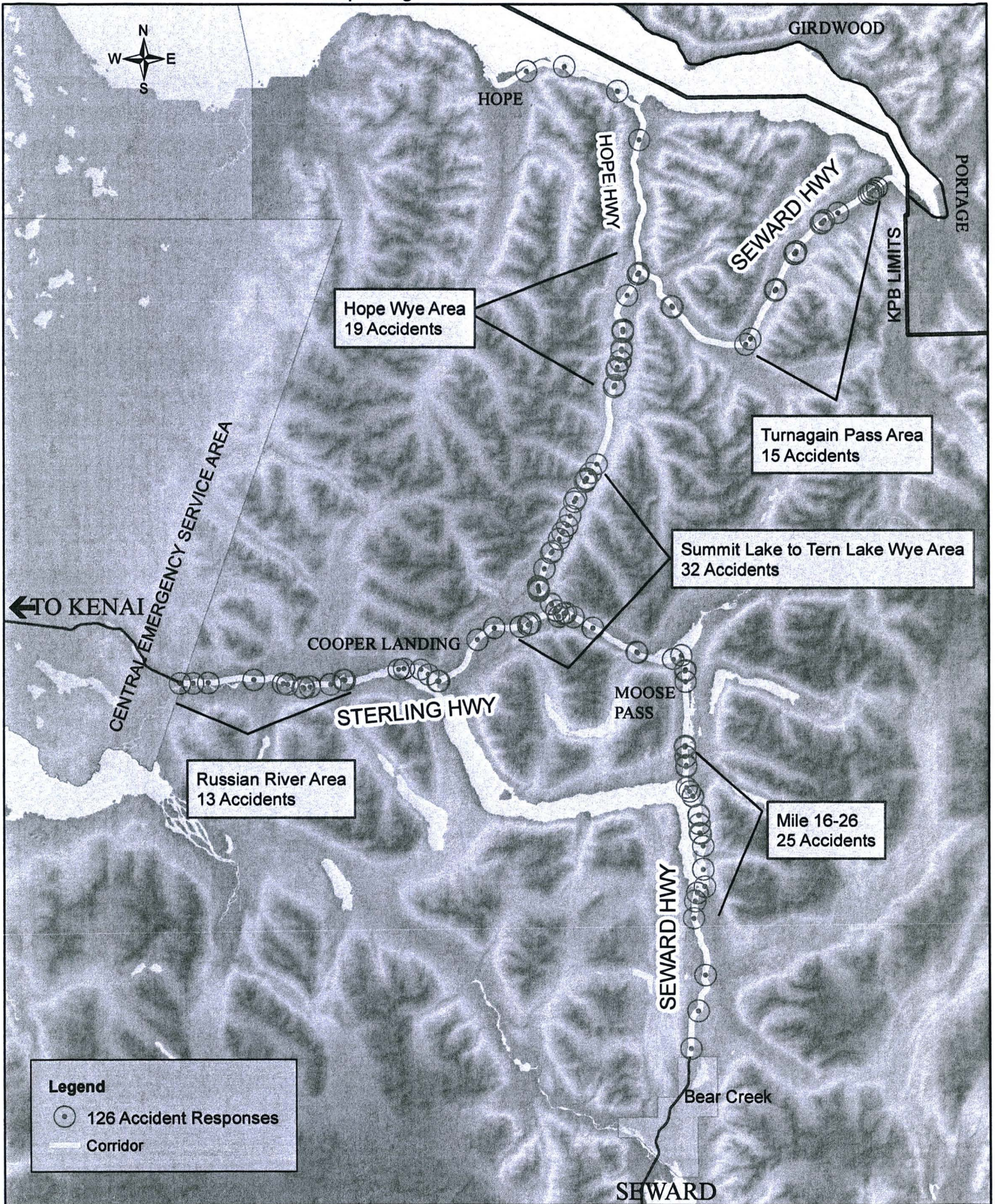
We applaud your office for submitting a bill that addresses a real need in a community and one which can be used in many boroughs throughout the state.

Sincerely,

Kathie Wasserman
Executive Director

EMS HIGHWAY RESPONSES

Reporting Period JAN 2015 - DEC 2016



Legend

- 126 Accident Responses
- Corridor



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Public Safety

DIVISION OF ALASKA STATE TROOPERS
Office of the Director

5700 East Tudor Road
Anchorage, Alaska 99507-1225
Main: 907.269.5511
Fax: 907.337.2059

March 3, 2017

The Honorable Mike Chenault
Alaska State Legislature
State Capitol Room 434
Juneau AK, 99801

RE: House Bill 148 Service Areas in Second Class Boroughs

Dear Representative Chenault:

As the Director of the Alaska State Troopers, I am writing to express my support for House Bill 148, allowing second-class boroughs to establish emergency service corridors via ordinance. The Kenai Peninsula Borough needs to ensure consistent coordinated coverage for the almost 90 miles of heavily traveled Seward and Sterling highways bordered predominately by unoccupied land. I fully support the efforts of the Kenai Peninsula Borough to identify and implement a local solution to this problem.

The proposal by the Kenai Peninsula Borough to create a highway corridor service area funded by federal PILT payments presents a unique solution with many benefits for communities and the state. This will allow the Kenai Peninsula Borough to provide resources, support, and coordination to supplement struggling volunteer agencies in sparsely populated areas, and will greatly improve the efficiency of the services that do exist.

Currently, local communities, nearby EMS service areas, and other response organizations respond to accidents in the region in an inefficient patchwork manner. Local communities have few volunteers, and those they do have are overtaxed with accidents on the highway that can require long transport times. When a local agency is unable to respond due to lack of resources, agencies as far as 60 miles away may be called on to respond. This can result in multi-hour waits for care, and the current system does not ensure a response. This legislation would allow for the borough to establish consistent and coordinated response to roadway accidents.

This also presents a solution that allows second-class boroughs to service a community gap without requiring a complete overhaul of long existing emergency response systems. Many service areas within the KPB - and throughout the state - have long histories of providing quality service to their region. Restructuring these organizations in order to address a specific gap creates unnecessary obstacles for municipalities attempting to ensure emergency care for the travelers on their roads. For the Kenai Peninsula Borough, this corridor solution would allow them to provide resources to a specific roadway without requiring a much larger change, such as the adoption of borough-wide powers. While the adoption of borough-wide powers may be technically possible, the complexities of such an overhaul would be extremely extensive with the potential for numerous roadblocks along the way.

Representative Mike Chenault

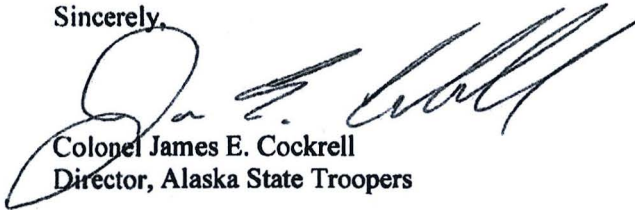
Page 2

March 3, 2017

The solution in HB 148 requires no obligation from the State of Alaska and allows local governments to determine the best solution for their communities. Improved emergency response along crucial highways in the state will benefit all Alaska residents.

I support the passage of HB 148, allowing second-class boroughs to establish emergency service corridors via ordinance. Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "James E. Cockrell", written over a large, stylized loop.

Colonel James E. Cockrell
Director, Alaska State Troopers

Cc: Walt Monegan, Commissioner
Bill Comer, Deputy Commissioner
Allison Hanzawa, Special Assistant to the Commissioner
Mayor Mike Navarre, Kenai Peninsula Borough

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 25, 2017

SUBJECT: Service areas in second class boroughs
(Work Order No. 30-LS0597\A)

TO: Representative Mike Chenault
Attn: Tom Wright

FROM: Susie Shutts 
Legislative Counsel

Attached is the bill draft you requested amending AS 29.35.490 to authorize a second class borough to establish a service area to provide emergency services within a state highway corridor if no voters reside in the service area and the property in the service area is not subject to a borough tax for the service area.

Do you want to define "state highway corridor"? There is no definition currently in the Alaska Statutes that would apply to the use of this term in AS 29.35.490.¹ In addition, do you want to set parameters on what "publicly owned property adjacent to the highway corridor" entails?

Is it your intent to allow a second class borough to provide emergency services outside the boundaries of the borough? The attached bill draft does not amend AS 29.35.020. Under AS 29.35.020, a municipality may, to the extent it is otherwise authorized by law, provide services, including emergency medical services, "outside its boundaries." The provision authorizes a municipality to regulate the "use and operation [of such services] to the extent that the jurisdiction in which they are located does not regulate them."² Under AS 29.35.020(b), before a municipality may exercise a power authorized by AS 29.35.020 within the boundaries of another municipality, "the approval of the other municipality must be given by ordinance," and approval is also required by a village.

¹ "Highway corridor" is defined for the purpose of AS 19.40.210(3) regarding a prohibition on the use of off-road vehicles within five miles of the James Dalton Highway. There, "highway corridor" is defined as "land within five miles of the right-of-way of the highway."

² AS 29.35.020(a).

Representative Mike Chenault
February 25, 2017
Page 2

The proposed language that you provided requires that "property in the service area is not subject to a borough tax for the service area." Does this requirement aim to exclude from the emergency services service area property subject to *any* borough tax? I interpreted the request to instead prohibit a second class borough from authorizing or levying a tax for the provision of emergency services in a service area established under new subsection 29.35.490(d). Please let me know if that is not your intent.

SLS:boo
17-198.boo

Attachment

SSTA CS for HB 148 version U

SSTA CS for HB 148 version U makes the following changes:

- Sections 1-3 of SB 106 has been inserted in HB 148 following section 1, the subsequent sections have been renumbered.
 - Both bills deal with local control issues related to municipal tax exemption

*+ non taxable service
area*

30-LS0597\U
Shutts
4/12/17

SENATE CS FOR HOUSE BILL NO. 148(STA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES CHENAULT, Knopp, Saddler, Josephson

SENATOR Micciche

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to service areas in second class boroughs; relating to a municipal tax**
2 **exemption or deferral for economic development property; relating to a municipal tax**
3 **exemption for a fire protection system; and providing for an effective date."**

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

5 *** Section 1.** AS 29.35.490 is amended by adding a new subsection to read:

6 (d) A second class borough may establish a service area for the provision of
7 emergency services within a state highway corridor if no voters reside in the service
8 area. A second class borough may provide emergency services in a service area
9 established under this subsection by ordinance. Notwithstanding any other provision
10 of law, a second class borough may not authorize or levy a property tax for the
11 provision of emergency services in a service area established under this subsection.
12 The boundaries of a service area established under this subsection may only include
13 the highway corridor and publicly owned property adjacent to the highway corridor
14 necessary to house emergency response equipment and personnel for the service area.

1 * **Sec. 2.** AS 29.45.050(m) is amended to read:

2 (m) A municipality may by ordinance partially or totally exempt all or some
3 types of economic development property from taxation for **a designated period** [UP
4 TO FIVE YEARS. THE MUNICIPALITY MAY PROVIDE FOR RENEWAL OF
5 THE EXEMPTION UNDER CONDITIONS ESTABLISHED IN THE
6 ORDINANCE. HOWEVER, UNDER A RENEWAL, A MUNICIPALITY THAT IS
7 A SCHOOL DISTRICT MAY ONLY EXEMPT ALL OR A PORTION OF THE
8 AMOUNT OF TAXES THAT EXCEEDS THE AMOUNT LEVIED ON OTHER
9 PROPERTY FOR THE SCHOOL DISTRICT]. A municipality may by ordinance
10 permit deferral of payment of taxes on all or some types of economic development
11 property for **a designated period. A municipality may not apply an exemption or**
12 **deferral under this subsection to taxes levied for special services in a service area**
13 **that is supervised by a board under AS 29.35.460** [UP TO FIVE YEARS. THE
14 MUNICIPALITY MAY PROVIDE FOR RENEWAL OF THE DEFERRAL UNDER
15 CONDITIONS ESTABLISHED IN THE ORDINANCE]. A municipality may adopt
16 an ordinance under this subsection only if, before it is adopted, copies of the proposed
17 ordinance made available at a public hearing on it contain written notice that the
18 ordinance, if adopted, may be repealed by the voters through referendum. An
19 ordinance adopted under this subsection must include specific eligibility requirements
20 and require a written application for each exemption or deferral. In this subsection,
21 "economic development property" means real or personal property, including
22 developed property conveyed under 43 U.S.C. 1601 et seq. (Alaska Native Claims
23 Settlement Act) [, THAT]

24 (1) **to which one or more of the following applies:**

25 **(A) the property** has not previously been taxed as real or
26 personal property by the municipality;

27 **(B) the property** [(2)] is used in a trade or business in a way
28 that

29 **(i)** [(A)] creates employment in the municipality;

30 **(ii)** [(B)] generates sales outside of the municipality of
31 goods or services produced in the municipality; or

1 (iii) [(C)] materially reduces the importation of goods or
2 services from outside the municipality;

3 (C) an exemption or deferral on the property enables a
4 significant capital investment in physical infrastructure that

5 (i) expands the tax base of the municipality; and

6 (ii) will generate property tax revenue after the
7 exemption expires; or

8 (2) that [AND (3)] has not been used in the same trade or business in
9 another municipality for at least six months before the application for deferral or
10 exemption is filed; this paragraph does not apply if the property was used in the same
11 trade or business in an area that has been annexed to the municipality within six
12 months before the application for deferral or exemption is filed; this paragraph does
13 not apply to inventories.

14 * **Sec. 3.** AS 29.45.050 is amended by adding a new subsection to read:

15 (y) A municipality may by ordinance exempt from taxation up to two percent
16 of the assessed value of a structure if the structure contains a fire protection system
17 that is approved under AS 18.70.081, in operating condition, and incorporated as a
18 fixture or part of the structure. An exemption under this subsection is limited to an
19 amount that does not exceed two percent of the value of the structure based on the
20 assessment

21 (1) for 1981, if the fire protection system was a fixture of the structure
22 on January 1, 1981; or

23 (2) as of January 1 of the year immediately following the installation
24 of the fire protection system, if the fire protection system became a fixture of the
25 structure after January 1, 1981.

26 * **Sec. 4.** AS 29.45.030(l) is repealed.

27 * **Sec. 5.** This Act takes effect immediately under AS 01.10.070(c).

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: HB 148
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB148-DCCED-DCRA-03-03-17
Title: SECOND CLASS BOROUGH SERVICE AREAS
Sponsor: CHENAULT
Requester: (H) Community & Regional Affairs

Department: Department of Commerce, Community and
Economic Development
Appropriation: Community and Regional Affairs
Allocation: Community and Regional Affairs
OMB Component Number: 2879

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? n/a

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By: Katherine Eldemar, Director Phone: (907)465-8249
Division: Community and Regional Affairs Date: 03/03/2017 10:07 AM
Approved By: Catherine Reardon, Director Date: 03/03/17
Agency: Division of Administrative Services, DCCED

FISCAL NOTE ANALYSIS

**STATE OF ALASKA
2017 LEGISLATIVE SESSION**

BILL NO. HB148

Analysis

HB 148 amends AS 29.35.490 by adding subsection (d) allowing second class boroughs to establish a service area for the provision of emergency services within a state highway corridor.

The Division of Community and Regional Affairs does not anticipate a fiscal impact from this legislation.

CS FOR SENATE BILL NO. 106(CRA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 4/12/17

Referred: State Affairs

Sponsor(s): SENATOR COGHILL

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to a municipal tax exemption or deferral for economic development**
2 **property; and relating to a municipal tax exemption for a fire protection system."**

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

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

5 (m) A municipality may by ordinance partially or totally exempt all or some
6 types of economic development property from taxation for **a designated period** [UP
7 TO FIVE YEARS. THE MUNICIPALITY MAY PROVIDE FOR RENEWAL OF
8 THE EXEMPTION UNDER CONDITIONS ESTABLISHED IN THE
9 ORDINANCE. HOWEVER, UNDER A RENEWAL, A MUNICIPALITY THAT IS
10 A SCHOOL DISTRICT MAY ONLY EXEMPT ALL OR A PORTION OF THE
11 AMOUNT OF TAXES THAT EXCEEDS THE AMOUNT LEVIED ON OTHER
12 PROPERTY FOR THE SCHOOL DISTRICT]. A municipality may by ordinance
13 permit deferral of payment of taxes on all or some types of economic development
14 property for **a designated period** [UP TO FIVE YEARS. THE MUNICIPALITY

1 MAY PROVIDE FOR RENEWAL OF THE DEFERRAL UNDER CONDITIONS
 2 ESTABLISHED IN THE ORDINANCE]. A municipality may adopt an ordinance
 3 under this subsection only if, before it is adopted, copies of the proposed ordinance
 4 made available at a public hearing on it contain written notice that the ordinance, if
 5 adopted, may be repealed by the voters through referendum. An ordinance adopted
 6 under this subsection must include specific eligibility requirements and require a
 7 written application for each exemption or deferral. In this subsection, "economic
 8 development property" means real or personal property, including developed property
 9 conveyed under 43 U.S.C. 1601 et seq. (Alaska Native Claims Settlement Act) [,
 10 THAT]

11 **(1) to which one or more of the following applies:**

12 **(A) the property** has not previously been taxed as real or
 13 personal property by the municipality;

14 **(B) the property** [(2)] is used in a trade or business in a way
 15 that

16 **(i)** [(A)] creates employment in the municipality;

17 **(ii)** [(B)] generates sales outside of the municipality of
 18 goods or services produced in the municipality; or

19 **(iii)** [(C)] materially reduces the importation of goods or
 20 services from outside the municipality;

21 **(C) an exemption or deferral on the property enables a**
 22 **significant capital investment in physical infrastructure that**

23 **(i) expands the tax base of the municipality; and**

24 **(ii) will generate property tax revenue after the**
 25 **exemption expires; or**

26 **(2) that** [AND (3)] has not been used in the same trade or business in
 27 another municipality for at least six months before the application for deferral or
 28 exemption is filed; this paragraph does not apply if the property was used in the same
 29 trade or business in an area that has been annexed to the municipality within six
 30 months before the application for deferral or exemption is filed; this paragraph does
 31 not apply to inventories.

1 * **Sec. 2.** AS 29.45.050 is amended by adding a new subsection to read:

2 (y) A municipality may by ordinance exempt from taxation up to two percent
3 of the assessed value of a structure if the structure contains a fire protection system
4 that is approved under AS 18.70.081, in operating condition, and incorporated as a
5 fixture or part of the structure. An exemption under this subsection is limited to an
6 amount that does not exceed two percent of the value of the structure based on the
7 assessment

8 (1) for 1981, if the fire protection system was a fixture of the structure
9 on January 1, 1981; or

10 (2) as of January 1 of the year immediately following the installation
11 of the fire protection system, if the fire protection system became a fixture of the
12 structure after January 1, 1981.

13 * **Sec. 3.** AS 29.45.030(l) is repealed.

Matanuska-Susitna Borough



April 13, 2017

The Honorable John Coghill
Attn: Rynnieva Moss
State Capitol Room 119
Juneau, AK 99801

Re: Support of CSSB 106

Dear Senator Coghill:

The Matanuska-Susitna Borough supports CSSB 106, an Act relating to municipal tax exemptions.

As State capital and operating budgets are reduced, local governments will have to find more creative ways to facilitate economic development projects. Tax exemption or deferral, with some restrictions, is a tool currently available to local governments, but is currently limited by statute (AS 29.45.050-m), to an initial five year term.

That may have worked well enough for some smaller projects, but today's larger and more capital intensive developments can't find enough certainty in a five-year agreement that might not be renewed as part of a viable business plan. We believe that municipalities acting in their own interest would be better served by removing the five-year restriction.

For Alaska to be competitive with other states in the lower 48 we need to have the same economic development incentives. This bill accomplishes that goal.

Sincerely,

John M. Moosey
Borough Manager

cc: Borough Mayor and Assembly
Mat-Su Valley Legislators



Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version:	CSSB 106(CRA)
Fiscal Note Number:	1
(S) Publish Date:	4/12/2017

Identifier: SB106-DCCED-DCRA-04-07-17
 Title: MUNI TAX EXEMPTION: ECON DEVEL
 PROPERTY
 Sponsor: COGHILL
 Requester: (S) Community and Regional Affairs

Department: Department of Commerce, Community and
 Economic Development
 Appropriation: Community and Regional Affairs
 Allocation: Community and Regional Affairs
 OMB Component Number: 2879

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation	Governor's					
	Requested	FY2018					
		Request					
OPERATING EXPENDITURES	FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By:	Katherine Eldemar, Director	Phone:	(907)465-8249
Division:	Community and Regional Affairs	Date:	04/07/2017 06:00 PM
Approved By:	Catherine Reardon, Director	Date:	04/07/17
Agency:	Division of Administrative Services, DCCED		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION**Analysis**

AS 29.45.050(m) provides local communities the ability to offer a full or partial optional property tax exemption or tax deferral to economic development property for up to five (5) years. SB 106 removes the 5-year limitation and allows local communities to specify their own "designated period" which could exceed five years.

Current law also allows local communities to renew a property tax exemption/deferral beyond five years with the exception that taxes for education cannot be a part of such a renewal. SB 106 would remove this requirement.

Current law specifies that an economic development property must meet the requirements of AS 29.45.050(m)(1), (2) & (3) to qualify for the exemption/deferral. SB 106 would require that an applicant qualify for only one of the criteria that are provided in the bill.

As this is an optional exemption, the local government would be required to maintain current valuations of the property and report them to the State Assessor for inclusion in the Full Value Determination for the community.

This legislation also moves the exemption for fire protection systems from a mandatory exemption to a voluntary exemption.

The Division of Community and Regional Affairs does not anticipate a fiscal impact from this legislation.