

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 2005-2006 2910

CO-CHAIRMAN HALCRO said that the exemption would apply to the land as well as the building.

Number 490

REPRESENTATIVE MURKOWSKI referred to the inserted language "beginning on or any time" which she understood from Ms. Rawitz's letter that the language was inserted in order to provide the municipality flexibility. Does this language provide the municipality the option to grant a referral three years after the beginning of renovation?

CO-CHAIRMAN HALCRO explained that most municipalities are required begin tax referrals/exemptions on the first day of the year. If the rehabilitation does not begin until June, six months is lost. This language provides the municipality with the flexibility to begin the tax deferral any time during the calendar year.

REPRESENTATIVE MURKOWSKI believed that the language left it very open. The language does not limit the referral/exemption to any time in that given tax year.

CO-CHAIRMAN HALCRO referred to Ms. Rawitz's testimony which says, "The new language would allow a municipality to delay the exemption and/or deferral until the renovation work has been substantially completed." He noted that there is a tremendous amount of local control in this area. The technical changes in HB 76 would allow the municipality the flexibility, but approval at the city council or assembly level would be necessary.

REPRESENTATIVE MURKOWSKI expressed the need to make Ms. Rawitz's comments clear in the language of the legislation. Representative Murkowski understood that this is an option given to the municipalities, but she expressed concern that this language is an open-ended provision.

CO-CHAIRMAN HALCRO referred to page 1, lines 8 through 10 which reads: "A municipality may by ordinance permit deferral of payment of taxes on all or some types of deteriorated property for up to five years beginning on or any time after the day substantial rehabilitation, renovation, or replacement of any structure on the property begins." Co-Chairman Halcro said although the state statute may be open-ended, the municipalities are the local control in this case.

Number 0876

MARC MARLOW, Marlow Development Corporation, informed the committee that last year HB 399 received 11-0 resolutional support from the Anchorage Assembly, passed the House of Representatives 40-0, passed the Senate 19-0, and subsequently the Governor signed it into law. The Anchorage Assembly passed an ordinance amending Municipal Code to reflect HB 399. Mr. Marlow explained that the municipal attorney requested clarification of some points which resulted in HB 76. Mr. Marlow noted that he originally requested that HB 76 be considered due to his opinion that Alaska has buildings that are deteriorating and aging. This law, which many

states have in order to facilitate redevelopment of areas that would not otherwise be redeveloped, is patterned after a Pennsylvania law. The McKay Building is an example of the benefit of passing HB 76. Mr. Marlow acknowledged that it could be some time before this law would be utilized again since there are not a tremendous amount of older buildings, but dealing with just the McKay Building would be worth the effort.

With regards to the McKay Building, the design is finished, the plans have been turned into building safety, the building permit number has been assigned to the project, and the plan review should require eight to ten weeks in the process. Mr. Marlow expressed appreciation in making these amendments to afford the municipal attorney more comfort with the language.

Number 1109

MR. MARLOW explained that the McKay Building could not move forward as a straight business deal without this law. Even with the property tax exemption and deferral, the McKay Building project is having difficulties. This will help the municipality have more funds in the treasury for property taxes long-term. Currently, the McKay Building does not provide any revenue and would cost approximately \$3 million of tax payer money to tear down the building. Under this scenario, the McKay Building would create many jobs and in 10 years the municipality would receive approximately \$200,000 per year in property taxes. The area surrounding the building would increase in value; this would be the beginning of a renewal on the east end of downtown Anchorage.

REPRESENTATIVE MURKOWSKI mentioned her specific interest in the McKay Building since it is a blight in her personal skyline. She asked if the July 1, 1999 effective date of HB 76 would affect the development process.

Number 1221

MR. MARLOW replied no. He explained that the property tax exemption and deferral that any municipality may pass does not go into effect until there is performance. This prevents municipalities from extending property tax exemptions and deferrals on property that is never renovated. Mr. Marlow said that the performance on the McKay Building would not be completed until well into 2000.

MR. MARLOW said that it does not matter when the exemption and deferral begin. The language was inserted to allow the exemption and deferral to begin the next tax year after completion of the project, after the performance was accomplished. Mr. Marlow pointed out that if the exemption and/or deferral began three years after the completion of the project, the property would be paying property taxes in between.

MR. MARLOW, in further response to Representative Murkowski, reiterated that the redevelopment design for the McKay Building is complete and has been turned into Building Safety in Anchorage and that process would take approximately eight weeks. The financing vehicle is in the third phase of a four phase period of consideration which would not be completed any earlier than 60 days from now. Mr. Marlow hoped the renovation would be

started in July or early August and would require approximately 11 months to complete. By the summer of 2000, people should be able to move into a safe and renovated McKay Building.

MR. MARLOW informed the committee that last year a market study by a Seattle research firm concluded that the McKay Building's 123 unit apartments would be filled within four months of its completion. The target market for these apartments is anyone, but Mr. Marlow believed that it would be appealing to the young, 20 something person, who works downtown. The marketing will take place in the newspaper and the Internet. In response to Co-Chairman Harris, Mr. Marlow felt the McKay Building would be renamed.

Number 1475

STEVE VAN SANT, State Assessor, Department of Community & Regional Affairs, testified via teleconference from Anchorage. He noted that he did not have a chance to testify on HB 399 last year and had not talked with Representative Halcro about HB 76, but had discussed SB 54 with Senator Kelly. Mr. Van Sant directed the committee to the language on page 1, lines 9-10 which Co-Chairman Halcro said was intended to allow the exemption to begin any time during the year. To date, all exemptions in Alaska begin the first day of the tax year, January 1, and the supreme court has ruled on that matter. Therefore, Mr. Van Sant expressed concern with allowing partial year exemptions. With regard to the McKay Building, Mr. Van Sant would recommend to Anchorage that the exemption begin January 1 which seemed to be what Mr. Marlow indicated.

MR. VAN SANT referred to page 1, lines 13-14 which does not indicate that the municipality may collect interest on deferred taxes. Currently, only one statute allows deferment of taxes which is the agricultural exemption and deferment. The agricultural exemption and deferment allows the municipality to collect deferred taxes with interest at eight percent. Mr. Van Sant suggested language specifying that the municipality would not lose interest on deferred taxes should be added. He believed it would be almost administratively impossible to as lines 13-14 say, "if ownership of only part of the property is transferred, all tax payments attributable to that part are immediately due ...." If ownership is transferred, Mr. Van Sant wanted all deferred tax payments to be due and payable at that time, including the eight percent interest. Mr. Van Sant noted that as a state assessor he is typically opposed to exemptions and deferments. However, in the case of the McKay Building, Mr. Van Sant applauded Mr. Marlow's plans and reluctantly backed down from his usual stance understanding this would be for the good of the community and would like for the project to move forward.

Number 1689

CO-CHAIRMAN HARRIS asked if Mr. Van Sant suggested on page 1, line 13 after "immediately due" insert "interest".

MR. VAN SANT clarified that on page 1, line 13 delete "only" and insert "any" and on line 14 after "payments" insert "including interest at eight percent" and delete "to that part". On page 2, line 1 delete "attributable to that part". In further response to Co-Chairman Harris, Mr. Van Sant explained that eight percent interest is desirable because that is consistent with the statutes

for agricultural deferments.

Number 1800

MR. MARLOW agreed with Mr. Van Sant that once the property is transferred, the deferred portion of the taxes should be paid. However, the interest on this type of exemption or deferral was specifically avoided. Mr. Marlow explained, "When a person applies for and receives a farm deferral, what they are saying is: I have a piece of property that in the open market place might be worth many, many more dollars than than what I'm using it for. And so, I want that, you know, it might be assessed at a value that's much higher than its use as a farm. And so, a person applies for the farm deferral and the taxes back seven years are counted at the lower rate, but the interest that -- the interest accrues so that when that farmer decides I'm going to sell my property now on the open market place and collect all this money that I wasn't paying taxes for here; kind of recompensates the municipality for the taxes that they weren't paying on a higher value back seven years." In this case, Mr. Marlow explained this addresses property that without this incentive would have no hope of being renovated. Such a property would then be placed back in the market place and made taxable at its highest value. Mr. Marlow emphasized that applying interest to a deferred portion would be a disincentive to those goals.

REPRESENTATIVE MURKOWSKI asked if the issue regarding interest had surfaced during prior discussions.

MR. MARLOW could not testify if the issue of interest publicly surfaced in the past. Certainly, the issue of interest was considered during the creation of the legislation. Interest was specifically avoided with respect to the deferred portion.

Number 1992

CO-CHAIRMAN HARRIS restated Mr. Van Sant's point that state statute only allows tax deferrals to begin January 1 which would seem to be at odds with the language on page 1, line 9. Co-Chairman Harris asked if Mr. Marlow would have a problem with including language indicating the deferral would begin at the beginning of the tax year.

MR. MARLOW believed that the language in HB 76 was used in order to allow the municipality to begin the deferral and/or exemption the following tax year after performance to be compliant with state law. Mr. Marlow did not recall any discussion or intent to allow the exemption in July or August. Mr. Marlow said that whatever would be necessary to ensure clarity on that issue would be fine.

CO-CHAIRMAN HALCRO noted that Ms. Rawitz drafted an ordinance for the Municipality of Anchorage which created a tax exemption and deferral program. Co-Chairman Halero read the following from Ms. Rawitz's testimony: "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."

CO-CHAIRMAN HARRIS inquired as to the legality of the language.

MR. MARLOW said that he believed that was the intent.

MR. VAN SANT stated that he was comfortable with the language, as long as the record reflects that the intent of the committee was not to change the manner in which exemptions are attached as of January 1. From working with the municipality and its attorney on this ordinance, the day Mr. Marlow broke ground would be the day the exemption would begin. Mr. Van Sant further understood the intent was to have a delay of a year until more substantial completion was accomplished which is what Mr. Van Sant understood the reasoning to be for this language.

Number 2182

MR. MARLOW agreed. The exemption should not be initiated until the performance or substantial completion has been accomplished and the next tax year begins. Mr. Marlow agreed with Mr. Van Sant's assessment of the intent of the language regarding the beginning of the exemption or deferral.

CO-CHAIRMAN HALCRO said that HB 76 is a win-win situation for all communities. Co-Chairman Halcro used the McKay Building project as an example of how this legislation would be beneficial. This legislation would allow a developer to invest money in the McKay Building which once on the property tax rolls would reduce everyone's property taxes in Anchorage, employ people, and create a foundation in the neighborhood. Co-Chairman Halcro said he would appreciate support on HB 76.

Number 2310

REPRESENTATIVE DYSON moved to report HB 76 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, it was so ordered.

BILL ID: HB 76

00 CS FOR HOUSE BILL NO. 76(CRA)

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 [AND THE DEFERRAL ATTRIBUTABLE TO THAT  
02 PART ENDS]. Only one exemption and only one deferral may be granted to the same  
03 property under this subsection , and, if an exemption and a deferral are granted to  
04 the same property, both may not be in effect during the same time . In this  
05 subsection, "deteriorated property" means real property that is commercial property not  
06 used for residential purposes or that is multi-unit residential property with at least eight  
07 residential units, and that

08 (1) has been the subject of an order by a government agency requiring  
09 the property to be vacated, condemned, or demolished by reason of non-compliance  
10 with laws, ordinances, or regulations;

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

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

16 \* Sec. 2. This Act takes effect July 1, 1999.

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.

**HB**

**334**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

REPORTED OUT  
MAY 05 2006  
SENATE FINANCE COMMITTEE

DATE: 4/27/06

FURTHER:

DATE TURNED  
IN TO OFFICE: 5 May 2006

Finance Committee considered CS FOR HOUSE BILL NO. 334(FIN)

## HB 334 MUNICIPAL PROPERTY TAX DEFERRAL/EXEMPTION

"An Act relating to an exemption from and deferral of municipal property taxes for certain types of deteriorated property."

and recommends:

- be replaced with S CS CS HB 334 (FIN)
- adopt previous \_\_\_\_\_ CS CS forthcoming (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**CS Senate Bill:**  
 Same Title  
 New Title

**SCS House Bill:**  
 Same Title  
 Technical Title Change  
 New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Ind.	Zero	FN#
All	4/27/06			✓	#2
Commerce	4/27/06			✓	#1

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Ind.	Zero	FN#

APPROPRIATION - no fiscal note

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

# SENATE FINANCE COMMITTEE REPORT

REPORTED OUT  
 MAY 05 2006  
 SENATE FINANCE COMMITTEE

DATE: 4/27/06

FURTHER:

DATE TURNED  
 IN TO OFFICE: 5 May 2006

Finance Committee considered CS FOR HOUSE BILL NO. 334(FIN)

## HB 334 MUNICIPAL PROPERTY TAX DEFERRAL/EXEMPTION

"An Act relating to an exemption from and deferral of municipal property taxes for certain types of deteriorated property."

and recommends:

- be replaced with S cs CS HB 334 (FIN)
- adopt previous \_\_\_\_\_ cs CS Forthcoming (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**CS Senate Bill:**  
 Same Title  
 New Title

**SCS House Bill:**  
 Same Title  
 Technical Title Change  
 New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Ind.	Zero	FN#
All	4/27/06			✓	#2
Commerce	4/27/06			✓	#1

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Ind.	Zero	FN#

APPROPRIATION - no fiscal note

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

# FISCAL NOTE

REPORTED OUT  
MAY 05 2006  
SENATE FINANCE COMMITTEE

STATE OF ALASKA  
2006 LEGISLATIVE SESSION

Fiscal Note Number: 2  
 Bill Version: CSHB 334(FIN)  
 (H) Publish Date: 2/22/06

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: All  
 Title Deferral of municipal property taxes RDU \_\_\_\_\_  
 Component \_\_\_\_\_  
 Sponsor Rep. Ramras  
 Requester House Finance Committee Component No. \_\_\_\_\_

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

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2006) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This legislation would not have a significant fiscal impact on any state agency.

Prepared by: Jack Kreinheder, Senior Analyst Phone 465-4676  
 Division: Office of Management and Budget Date/Time: 2/17/06 4:22 PM  
 Approved by: Cheryl Frasca, Director Date: 2/17/2006  
 Agency: Office of Management and Budget

# FISCAL NOTE

REPORTED OUT  
 MAY 05 2006  
 SENATE FINANCE COMMITTEE

STATE OF ALASKA  
 2006 LEGISLATIVE SESSION

Fiscal Note Number: 1  
 Bill Version: HB 334  
 (H) Publish Date: 2/1/06

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
 Title: Municipal Property Tax Deferral/Exemption RDU: Comm Assist & Ec Dev (405)  
 Component: Community Advocacy  
 Sponsor: Ramras  
 Requester: House Community & Regional Affairs Component No.: 2703

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

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2006) cost: 00  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

POSITIONS	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Full-time						
Part-time						
Temporary						

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

This legislation relates to an exemption from and deferral of municipal property taxes for certain types of deteriorated property. It does not impact the operations of the department.

Prepared by: Mike Black, Director Phone: 269-4535  
 Division: Community Advocacy Date/Time: 1/30/06 3 34 PM  
 Approved by: William C. Noll, Commissioner Date: 1/30/2006  
 Agency: Commerce, Community and Economic Development

SENATE FINANCE  
COMMITTEE #1  
Amendment #  
To Bill Number: HB 13  
Sponsor: Green  
Date: 5/5/06 Logged by: Mindy

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR GREEN

TO: SCS CSHB 334(FIN)

Insert a new section to read:

AS 29.45.030(b) is amended to read:

(b) In (a) of this section, "property used exclusively for religious purposes" includes the following property owned by a religious organization:

(1) the residence of an educator in a private religious or parochial school or a bishop, pastor, priest, rabbi, minister, or religious order of a recognized religious organization; for purposes of this paragraph, "minister" means an individual who is

(A) ordained, commissioned, or licensed as a minister according to standards of the religious organization for its ministers; and

(B) employed by the religious organization to carry out a ministry of that religious organization;

(2) a structure, its furniture, and its fixtures used solely for public worship, charitable purposes, religious administrative offices, religious education, or a nonprofit hospital;

(3) lots required by local ordinance for parking near a structure defined in (2) of this subsection.

24-LS1353V  
Cook  
5/5/06

SENATE CS FOR CS FOR HOUSE BILL NO. 334(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES RAMRAS, Foster, Croft

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to an exemption from and deferral of municipal property taxes for  
2 certain types of deteriorated property and to an optional deferral of municipal property  
3 taxes on certain primary residences owned and occupied by individuals with incomes at  
4 or below federal poverty guidelines for the state."

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

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

7 (o) A municipality may by ordinance partially or totally exempt all or some  
8 types of deteriorated property from taxation for up to 10 years beginning on or any  
9 time after the day substantial rehabilitation, renovation, demolition, removal, or  
10 replacement of any structure on the property begins. A municipality may by ordinance  
11 permit deferral of payment of taxes on all or some types of deteriorated property for  
12 up to five years beginning on or any time after the day substantial rehabilitation,  
13 renovation, demolition, removal, or replacement of any structure on the property  
14 begins. However, if the entire ownership of property for which a deferral has been

1 granted is transferred, all tax payments deferred under this subsection are immediately  
2 due and the deferral ends. Otherwise, deferred tax payments become due as  
3 specified by the municipality at the time the deferral is granted [, OR, IF  
4 OWNERSHIP OF ANY PART OF THE PROPERTY IS TRANSFERRED, ALL  
5 TAX PAYMENTS ARE IMMEDIATELY DUE]. The amount deferred each year is a  
6 lien on that property for that year. Only one exemption and only one deferral may be  
7 granted to the same property under this subsection, and, if an exemption and a deferral  
8 are granted to the same property, both may not be in effect on the same portion of the  
9 property during the same time. An ordinance adopted under this subsection must  
10 include specific eligibility requirements and require a written application for each  
11 exemption or deferral. An application for a deferral must specify when payment of  
12 taxes for each year of deferral will become due, together with an explanation of  
13 the reasons for each proposed date for consideration by the municipality. In this  
14 subsection, "deteriorated property" means real property that is commercial property  
15 not used for residential purposes or that is multi-unit residential property with at least  
16 eight residential units, and that meets one of the following requirements:

17 (1) within the last five years, has been the subject of an order by a  
18 government agency requiring environmental remediation of the property or requiring  
19 the property to be vacated, condemned, or demolished by reason of noncompliance  
20 with laws, ordinances, or regulations;

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

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

26 \* Sec. 2. AS 29.45 is amended by adding a new section to read:

27 Sec. 29.45.052. Tax deferral for primary residences. (a) A municipality  
28 may by ordinance provide for the deferral of all taxes on property that is owned, in  
29 whole or in part, by an individual

30 (1) who occupies and has occupied the property for at least 10  
31 consecutive years as the individual's primary residence; and

1 (2) whose income is at or below federal poverty guidelines for the state  
2 set by the United States Department of Health and Human Services.

3 (b) An individual must apply for each year that a deferral is sought and supply  
4 proof of eligibility for the deferral for that year in accordance with requirements set  
5 out in the ordinance that authorizes the deferral. Taxes for a year that are deferred do  
6 not become payable until ownership of the property is transferred from the individual  
7 who obtained the deferral. A municipality that provides for a deferral of property  
8 taxes under this subsection may not impose interest on the taxes deferred between the  
9 time the deferral is granted and the time the taxes become payable.

10 \* Sec. 3. Section 2, ch. 8, SLA 1999, as amended by sec. 1, ch. 102, SLA 2002, and by sec.  
11 4, ch. 140, SLA 2004, is repealed.

# SENATE FINANCE COMMITTEE REPORT

REPORTED OUT  
MAY 05 2006  
SENATE FINANCE COMMITTEE

DATE: 4/27/06

FURTHER:

DATE TURNED  
IN TO OFFICE: 5 May 2006

Finance Committee considered CS FOR HOUSE BILL NO. 334(FIN)

## HB 334 MUNICIPAL PROPERTY TAX DEFERRAL/EXEMPTION

"An Act relating to an exemption from and deferral of municipal property taxes for certain types of deteriorated property."

and recommends:

- be replaced with S CS CS HB 334 (FIN)
- adopt previous \_\_\_\_\_ CS CS Forthcoming (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**CS Senate Bill:**  
 Same Title  
 New Title

**SCS House Bill:**  
 Same Title  
 Technical Title Change  
 New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Ind.	Zero	FN#
Bill	4/27/06			✓	#2
Commerce	4/27/06			✓	#1

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Ind.	Zero	FN#

APPROPRIATION - no fiscal note

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

SENATE FINANCE  
COMMITTEE #1  
Amendment #  
To Bill Number: HB 334  
Sponsor: Green  
Date: 5/5/06 Logged by: Mindy

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR GREEN

TO: SCS CSHB 334(FIN)

Insert a new section to read:

AS 29.45.030(b) is amended to read:

(b) In (a) of this section, "property used exclusively for religious purposes" includes the following property owned by a religious organization:

(1) the residence of an educator in a private religious or parochial school or a bishop, pastor, priest, rabbi, minister, or religious order of a recognized religious organization; for purposes of this paragraph, "minister" means an individual who is

(A) ordained, commissioned, or licensed as a minister according to standards of the religious organization for its ministers; and

(B) employed by the religious organization to carry out a ministry of that religious organization;

(2) a structure, its furniture, and its fixtures used solely for public worship, charitable purposes, religious administrative offices, religious education, or a nonprofit hospital;

(3) lots required by local ordinance for parking near a structure defined in (2) of this subsection.

SENATE CS FOR CS FOR HOUSE BILL NO. 334(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES RAMRAS, Foster, Croft

A BILL  
FOR AN ACT ENTITLED

1 "An Act relating to a mandatory exemption for certain residences owned by a religious  
2 organization, to an exemption from and deferral of municipal property taxes for certain  
3 types of deteriorated property, and to an optional deferral of municipal property taxes  
4 on certain primary residences owned and occupied by individuals with incomes at or  
5 below federal poverty guidelines for the state."

Amendment  
#1

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

7 \* Section 1, AS 29.45.030(b) is amended to read:

8 (b) In (a) of this section, "property used exclusively for religious purposes"  
9 includes the following property owned by a religious organization:

#1

10 (1) the residence of an educator in a private religious or parochial  
11 school or a bishop, pastor, priest, rabbi, minister, or religious order of a recognized  
12 religious organization; for purposes of this paragraph, "minister" means an  
13 individual who is

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(A) ordained, commissioned, or licensed as a minister according to standards of the religious organization for its ministers; and

(B) employed by the religious organization to carry out a ministry of that religious organization;

(2) a structure, its furniture, and its fixtures used solely for public worship, charitable purposes, religious administrative offices, religious education, or a nonprofit hospital;

(3) lots required by local ordinance for parking near a structure defined in (2) of this subsection.

\* Sec. 2. AS 29.45.050(o) is amended to read:

(o) A municipality may by ordinance partially or totally exempt all or some types of deteriorated property from taxation for up to 10 years beginning on or any time after the day substantial rehabilitation, renovation, demolition, removal, or replacement of any structure on the property begins. A municipality may by ordinance permit deferral of payment of taxes on all or some types of deteriorated property for up to five years beginning on or any time after the day substantial rehabilitation, renovation, demolition, removal, or replacement of any structure on the property begins. However, if the entire ownership of property for which a deferral has been granted is transferred, all tax payments deferred under this subsection are immediately due and the deferral ends. Otherwise, deferred tax payments become due as specified by the municipality at the time the deferral is granted [. OR, IF OWNERSHIP OF ANY PART OF THE PROPERTY IS TRANSFERRED, ALL TAX PAYMENTS ARE IMMEDIATELY DUE]. The amount deferred each year is a lien on that property for that year. Only one exemption and only one deferral may be granted to the same property under this subsection, and, if an exemption and a deferral are granted to the same property, both may not be in effect on the same portion of the property during the same time. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application for each exemption or deferral. An application for a deferral must specify when payment of taxes for each year of deferral will become due, together with an explanation of the reasons for each proposed date for consideration by the municipality. In this

1 subsection. "deteriorated property" means real property that is commercial property  
 2 not used for residential purposes or that is multi-unit residential property with at least  
 3 eight residential units, and that meets one of the following requirements:

4 (1) within the last five years, has been the subject of an order by a  
 5 government agency requiring environmental remediation of the property or requiring  
 6 the property to be vacated, condemned, or demolished by reason of noncompliance  
 7 with laws, ordinances, or regulations;

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

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

13 \* Sec. 3. AS 29.45 is amended by adding a new section to read:

14 **Sec. 29.45.052. Tax deferral for primary residences.** (a) A municipality may  
 15 by ordinance provide for the deferral of all taxes on property that is owned, in whole  
 16 or in part, by an individual

17 (1) who occupies and has occupied the property for at least 10  
 18 consecutive years as the individual's primary residence; and

19 (2) whose income is at or below federal poverty guidelines for the state  
 20 set by the United States Department of Health and Human Services.

21 (b) An individual must apply for each year that a deferral is sought and supply  
 22 proof of eligibility for the deferral for that year in accordance with requirements set  
 23 out in the ordinance that authorizes the deferral. Taxes for a year that are deferred do  
 24 not become payable until ownership of the property is transferred from the individual  
 25 who obtained the deferral. A municipality that provides for a deferral of property taxes  
 26 under this subsection may not impose interest on the taxes deferred between the time  
 27 the deferral is granted and the time the taxes become payable.

28 \* Sec. 4. Section 2, ch. 8, SLA 1999, as amended by sec. 1, ch. 102, SLA 2002, and by sec.  
 29 4, ch. 140, SLA 2004, is repealed.



Official Business

# Alaska State Senate

## Senate Finance Committee

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

### FAX COVER SHEET

DATE: 5 May 2006 TIME: 6:40pm

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 2

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

NOTES: Final Please

SCS CS HB 334 (FIN) 24-LS1353\4

Cook 5/5/06

plus 1 amendment - attached

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Thanks  
Mindy

Adopted

WORK DRAFT

WORK DRAFT

WORK DRAFT

24-LS1353\Y  
Cook  
5/5/06

SENATE CS FOR CS FOR HOUSE BILL NO. 334(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES RAMRAS, Foster, Croft

A BILL  
FOR AN ACT ENTITLED

1 "An Act relating to an exemption from and deferral of municipal property taxes for  
2 certain types of deteriorated property and to an optional deferral of municipal property  
3 taxes on certain primary residences owned and occupied by individuals with incomes at  
4 or below federal poverty guidelines for the state."

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

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

7 (o) A municipality may by ordinance partially or totally exempt all or some  
8 types of deteriorated property from taxation for up to 10 years beginning on or any  
9 time after the day substantial rehabilitation, renovation, demolition, removal, or  
10 replacement of any structure on the property begins. A municipality may by ordinance  
11 permit deferral of payment of taxes on all or some types of deteriorated property for  
12 up to five years beginning on or any time after the day substantial rehabilitation,  
13 renovation, demolition, removal, or replacement of any structure on the property  
14 begins. However, if the entire ownership of property for which a deferral has been

1 granted is transferred, all tax payments deferred under this subsection are immediately  
 2 due and the deferral ends. Otherwise, deferred tax payments become due as  
 3 specified by the municipality at the time the deferral is granted [, OR, IF  
 4 OWNERSHIP OF ANY PART OF THE PROPERTY IS TRANSFERRED, ALL  
 5 TAX PAYMENTS ARE IMMEDIATELY DUE]. The amount deferred each year is a  
 6 lien on that property for that year. Only one exemption and only one deferral may be  
 7 granted to the same property under this subsection, and, if an exemption and a deferral  
 8 are granted to the same property, both may not be in effect on the same portion of the  
 9 property during the same time. An ordinance adopted under this subsection must  
 10 include specific eligibility requirements and require a written application for each  
 11 exemption or deferral. An application for a deferral must specify when payment of  
 12 taxes for each year of deferral will become due, together with an explanation of  
 13 the reasons for each proposed date for consideration by the municipality. In this  
 14 subsection, "deteriorated property" means real property that is commercial property  
 15 not used for residential purposes or that is multi-unit residential property with at least  
 16 eight residential units, and that meets one of the following requirements:

17 (1) within the last five years, has been the subject of an order by a  
 18 government agency requiring environmental remediation of the property or requiring  
 19 the property to be vacated, condemned, or demolished by reason of noncompliance  
 20 with laws, ordinances, or regulations;

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

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

26 \* Sec. 2. AS 29.45 is amended by adding a new section to read:

27 **Sec. 29.45.052. Tax deferral for primary residences.** (a) A municipality  
 28 may by ordinance provide for the deferral of all taxes on property that is owned, in  
 29 whole or in part, by an individual

30 (1) who occupies and has occupied the property for at least 10  
 31 consecutive years as the individual's primary residence; and

1 (2) whose income is at or below federal poverty guidelines for the state  
2 set by the United States Department of Health and Human Services.

3 (b) An individual must apply for each year that a deferral is sought and supply  
4 proof of eligibility for the deferral for that year in accordance with requirements set  
5 out in the ordinance that authorizes the deferral. Taxes for a year that are deferred do  
6 not become payable until ownership of the property is transferred from the individual  
7 who obtained the deferral. A municipality that provides for a deferral of property  
8 taxes under this subsection may not impose interest on the taxes deferred between the  
9 time the deferral is granted and the time the taxes become payable.

10 \* Sec. 3. Section 2, ch. 8, SLA 1999, as amended by sec. 1, ch. 102, SLA 2002, and by sec.  
11 4, ch. 140, SLA 2004, is repealed.

**Representative Jay Ramras**  
**Co-Chair, House Resources**  
**V-Chair, Economic Develop.**

**Tourism & Trade**

**House State Affairs**

119 N. Cushman St. Suite 207

Fairbanks, Alaska 99701

Phone: (907) 452-1088

Fax: (907) 452-1146

## Alaska State Legislature



While in Session  
**State Capitol, Room 104**  
**Juneau, Alaska 99801-1182**

(907) 465-3004

Fax: 465-2070

Toll Free: (877) 465-3004

House District 10

### House of Representatives

## Sponsor Statement

### CSHB 334(Fin)

**"An Act relating to an exemption from and deferral of municipal property taxes for certain types of deteriorated property."**

In several communities around the state we have seen private properties go from prosperous offices and residential building in the boom cycle to empty eyesores in our busts. Today, our economy is returning, on a more stable footing than ever before, and new developers are looking as the shells of a building as an opportunity to refurbish without complete reconstruction, revitalizing neighborhoods and cities.

How CSHB 334 will help with this plan is by revising existing tax deferral language, making it clearer. It also places a deadline on the exemption that coincides with existing tax deferral sunsets.

The primary difference in the language allows for the development of condominium or office type buildings to be established in what are currently referred to as deteriorated structures. At the discretion of the local government the tax deferral is spelled out. The deferral ends either when the developer transfers ownership of all of the property or on a previously agreed upon date. This clearer language allows a developer more stability and an ability to secure the necessary loans for the reconstruction.

**Representative Jay Ramras**  
Co-Chair, House Resources  
V-Chair, Economic Develop.

**Tourism & Trade**

**House State Affairs**

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## Alaska State Legislature



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House District 10

### House of Representatives

#### Changes HB 334 will make

Page 1, Line 12

Inserts the word "entire." If the owner holding the exemption and/or the deferral transfers ownership of the property the delay payment ends and taxes become due.

Page 1, Line 14- Page 2, Line 1

Establishes that the municipality and the developer set a timeline for the exemption and/or the deferral to end.

Page 2, Line 9

Adds language that the exemption and/or deferral timeline must be spelled out in the application with an explanation of those timelines.

Sec. 29.45.050. Optional exemptions and exclusions.

Statute text:

- (a) A municipality may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at an election. An exclusion or exemption authorized by this subsection may be applied with respect to taxes levied in a service area to fund the special services. An exclusion or exemption authorized by this subsection may not exceed the assessed value of \$20,000 for any one residence.
- (b) A municipality may by ordinance
- (1) classify and exempt from taxation
    - (A) the property of an organization not organized for business or profit-making purposes and used exclusively for community purposes if the income derived from rental of that property does not exceed the actual cost to the owner of the use by the renter;
    - (B) historic sites, buildings, and monuments;
    - (C) land of a nonprofit organization used for agricultural purposes if rights to subdivide the land are conveyed to the state and the conveyance includes a covenant restricting use of the land to agricultural purposes only; rights conveyed to the state under this subparagraph may be conveyed by the state only in accordance with AS 38.05.069(c);
    - (D) all or any portion of private ownership interests in property that, based upon a written agreement with the University of Alaska, is used exclusively for student housing for the University of Alaska; property may be exempted from taxation under this subparagraph for no longer than 30 years unless the exemption is specifically extended by ordinance adopted within the six months before the expiration of that period;
  - (2) classify as to type and exempt or partially exempt some or all types of personal property from ad valorem taxes.
- (c) The provisions of (a) of this section notwithstanding,
- (1) a borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of a city in the borough, including but not limited to, excluding personal property from taxation, establishing exemptions, and extending the redemption period;
  - (2) a home rule or first class city has the same power to grant exemptions or exclude property from borough taxes that it has as to city taxes if
    - (A) the exemptions or exclusions have been adopted as to city taxes; and
    - (B) the city appropriates to the borough sufficient money to equal revenues lost by the borough because of the exemptions or exclusions, the amount to be determined annually by the assembly;
  - (3) a city in a borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of the borough, including but not limited to exempting or partially exempting property from taxation.
- (d) Exemptions or exclusions from property tax that have been granted by a home rule municipality in addition to exemptions authorized or required by law, and that are in effect on September 10, 1972, and not later withdrawn, are not affected by this chapter.
- (e) A municipality may by ordinance classify and exempt or partially exempt from taxation privately owned land, wet land and water areas for which a scenic, conservation, or public recreation use easement is granted to a governmental body. To be eligible for a tax exemption, or partial exemption, the easement must be in perpetuity. The easement is automatically terminated before an eminent domain taking of fee simple title or less than fee simple title to the property, so that the property owner is compensated at a rate that does not reflect the easement grant. The

municipality may provide by ordinance that, if the area subject to the easement is sold, leased, or otherwise disposed of for uses incompatible with the easement or if the easement is conveyed to the owner of the property, the owner must pay to the municipality all or a portion of the amount of the tax exempted, with interest.

(f) A municipality may by ordinance exempt from taxation all or part of the increase in assessed value of improvements to real property if an increase in assessed value is directly attributable to alteration of the natural features of the land, or new maintenance, repair, or renovation of an existing structure, and if the alteration, maintenance, repair, or renovation, when completed, enhances the exterior appearance or aesthetic quality of the land or structure. An exemption may not be allowed under this subsection for the construction of an improvement to a structure if the principal purpose of the improvement is to increase the amount of space for occupancy or nonresidential use in the structure or for the alteration of land as a consequence of construction activity. An exemption provided in this subsection may continue for up to four years from the date the improvement is completed, or from the date of approval for the exemption by the local assessor, whichever is later.

(g) A municipality may by ordinance exempt from taxation all or part of the increase in assessed value of improvements to a single-family dwelling if the principal purpose of the improvement is to increase the amount of space for occupancy. An exemption provided in this subsection may continue for up to two years from the date the improvement is completed, or from the date of approval of an application for the exemption by the local assessor, whichever is later.

(h) A municipality may by ordinance partially or wholly exempt land from a tax for fire protection service and fire protection facilities and may levy the tax only on improvements, including personal property affixed to the improvements.

(i) A municipality may by ordinance approved by the voters exempt from taxation the assessed value that exceeds \$150,000 of real property owned and occupied as a permanent place of abode by a resident who is

(1) 65 years of age or older;

(2) a disabled veteran, including a person who was disabled in the line of duty while serving in the Alaska Territorial Guard; or

(3) at least 60 years old and a widow or widower of a person who qualified for an exemption under (1) or (2) of this subsection.

(j) A municipality may by ordinance approved by the voters exempt real or personal property in a taxing unit used in processing timber after it has been delivered to the processing site from up to 75 percent of the rate of taxes levied on other property in that taxing unit. An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration. In this subsection "taxing unit" means a municipality and includes

(1) a service area in a unified municipality or borough;

(2) the entire area outside cities in a borough; and

(3) a differential tax zone in a city.

(k) A municipality may by ordinance approved by the voters exempt from taxation pollution control facilities that meet requirements of the United States Environmental Protection Agency or the Department of Environmental Conservation. An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration.

(l) A municipality may by ordinance exempt from taxation an interest, other than record ownership, in real property of an individual residing in the property if the property has been developed, improved, or acquired with federal funds for low-income housing and is owned or

managed as low-income housing by the Alaska Housing Finance Corporation under AS 18.55.100 - 18.55.960 or by a regional housing authority formed under AS 18.55.996. However, the corporation may make payments to the municipality or political subdivision for improvements, services, and facilities furnished by it for the benefit of a housing project, and this subsection does not prohibit a municipality from receiving those payments or any payments in lieu of taxes authorized under federal law.

(m) A municipality may by ordinance partially or totally exempt all or some types of economic development property from taxation for up to five years. The municipality may provide for renewal of the exemption under conditions established in the ordinance. However, under a renewal, a municipality that is a school district may only exempt all or a portion of the amount of taxes that exceeds the amount levied on other property for the school district. A municipality may by ordinance permit deferral of payment of taxes on all or some types of economic development property for up to five years. The municipality may provide for renewal of the deferral under conditions established in the ordinance. A municipality may adopt an ordinance under this subsection only if, before it is adopted, copies of the proposed ordinance made available at a public hearing on it contain written notice that the ordinance, if adopted, may be repealed by the voters through referendum. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application for each exemption or deferral. In this subsection "economic development property" means real or personal property, including developed property conveyed under 43 U.S.C. 1601 et seq. (Alaska Native Claims Settlement Act), that

(1) has not previously been taxed as real or personal property by the municipality;

(2) is used in a trade or business in a way that

(A) creates employment in the municipality;

(B) generates sales outside of the municipality of goods or services produced in the municipality;  
or

(C) materially reduces the importation of goods or services from outside the municipality; and

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

(n) A municipality may by ordinance classify as to type inventories intended for export outside the state and partially or totally exempt all or some types of those inventories from taxation. The ordinance may provide for different levels of exemption for different classifications of inventories. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application, which shall be a public document, for each exemption.

(o) A municipality may by ordinance partially or totally exempt all or some types of deteriorated property from taxation for up to 10 years beginning on or any time after the day substantial rehabilitation, renovation, demolition, removal, or replacement of any structure on the property begins. A municipality may by ordinance permit deferral of payment of taxes on all or some types of deteriorated property for up to five years beginning on or any time after the day substantial rehabilitation, renovation, demolition, removal or replacement of any structure on the property begins. However, if the ownership of property for which a deferral has been granted is transferred, all tax payments deferred under this subsection are immediately due and the deferral

ends, or, if ownership of any part of the property is transferred, all tax payments are immediately due. The amount deferred each year is a lien on that property for that year. Only one exemption and only one deferral may be granted to the same property under this subsection, and, if an exemption and a deferral are granted to the same property, both may not be in effect on the same portion of the property during the same time. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application for each exemption or deferral. In this subsection, "deteriorated property" means real property that is commercial property not used for residential purposes or that is multi-unit residential property with at least eight residential units, and that meets one of the following requirements:

(1) within the last five years, has been the subject of an order by a government agency requiring environmental remediation of the property or requiring the property to be vacated, condemned, or demolished by reason of noncompliance with laws, ordinances, or regulations;

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

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

(p) A municipality may by ordinance partially or totally exempt from taxation a private leasehold, contract, or other interest held by or through an applicant or proposed applicant in any property, assets, project, or development project owned by the Alaska Industrial Development and Export Authority under AS 44.88. Nothing in this subsection prohibits a municipality from entering into an agreement and receiving payments in lieu of taxes authorized under AS 44.88.140(b).

(q) A municipality may by ordinance partially or totally exempt from taxation land from which timber is harvested that is infested by insects or at risk of being infested by insects due to an infestation in the area in which the land is located. A municipality may provide that an exemption for land under this subsection applies only to increases in assessed value that result from the timber harvest. A municipality may by ordinance partially or totally exempt from taxation improvements to real property, including personal property affixed to the improvements, if the improvements are

(1) located on land from which timber is harvested that is infested by insects or at risk of being infested by insects due to an infestation in the area in which the land is located; and

(2) used for or necessary to the harvest of the timber that is infested by insects or in danger of insect infestation.

(r) A municipality may by ordinance exempt from taxation an amount not to exceed \$10,000 of the assessed value of real property owned and occupied as a permanent place of abode by a resident who provides in the municipality volunteer (1) fire fighting services and is certified as a fire fighter by the Department of Public Safety, or (2) emergency medical services and is certified under AS 18.08.082. If two or more individuals are eligible for an exemption for the same property, not more than two exemptions may be granted.

#### History

(§ 12 ch 74 SLA 1985; am § 1 ch 103 SLA 1985; am § 5 ch 70 SLA 1986; am § 1 ch 151 SLA 1988; am § 2 ch 73 SLA 1989; am § 1 ch 98 SLA 1989; am § 15 ch 93 SLA 1991; am § 107 ch 4 FSSLA 1992; am § 1 ch 66 SLA 1993; am § 1 ch 7 SLA 1994; am § 1 ch 65 SLA 1994; am § 1 ch 40 SLA 1995; am § 1 ch 70 SLA 1998; am §§ 1, 2 ch 8 SLA 1999; am § 4 ch 117 SLA 2000;

am § 1 ch 54 SLA 2002; am § 1 ch 64 SLA 2002; am §§ 2, 3 ch 140 SLA 2004; am § 40 ch 56 SLA 2005)

#### Annotations

Delayed repeal of subsection (o). Under sec. 2, ch. 8, SLA 1999, as amended by sec. 1, ch. 102, SLA 2002, and sec. 4, ch. 140, SLA 2004, subsection (o) is repealed July 1, 2010.

Revisor's notes. Subsection (h) of this section was enacted as AS 29.53.025(h). Renumbered in 1985. Chapter 103, SLA 1985 also enacted, in § 2, AS 29.63.066, which provides an exemption identical to that set out in (h) of this section from taxes levied under former AS 29.63, repealed by § 88, ch. 74, SLA 1985. The provisions of former AS 29.63 were substantially incorporated in AS 29.45, and the addition of subsection (h) to AS 29.45.050 makes it unnecessary to codify § 2, ch. 103, SLA 1985 to achieve the legislature's purpose.

Subsection (r) was enacted as (q); relettered in 2002.

Cross references. For authority to make an ordinance adopted under subsection (q) retroactive to January 1, 2001, see § 2, ch. 64, SLA 2002.

Effect of amendments. The 1992 amendment, effective July 1, 1992, rewrote subsection (l). The 1993 amendment, effective September 22, 1993, in subsection (n), deleted the former second and third sentences.

The first 1994 amendment, effective July 5, 1994, added paragraphs (b)(6)-(b)(9) and made a related stylistic change.

The second 1994 amendment, effective August 23, 1994, added former subparagraph (b)(2)(D).

The 1995 amendment, effective August 23, 1995, rewrote subsection (b).

The 1998 amendment, effective July 1, 1998, added subsection (o).

The 1999 amendment, effective July 1, 1999, in subsection (o), inserted "or totally" in the first sentence, inserted "beginning on or any time" in the first and second sentences, substituted "any" for "only", deleted "attributable to that part" following "tax payments" near the end of the third sentence, substituted "The amount deferred each year is a lien on that property for that year" for "and the deferral attributable to that part ends", added "and, if an exemption and a deferral are granted to the same property, both may not be in effect on the same portion of the property during the same time" at the end of the fifth sentence, and added the next-to-last sentence.

The 2000 amendment, effective July 1, 2000, added subsection (p).

The first 2002 amendment, effective January 1, 2003, added subsection (r).

The second 2002 amendment, effective June 20, 2002, added subsection (q).

The 2004 amendment, effective September 28, 2004, in subsection (a), inserted the second sentence, and substituted "subsection" for "section" and "\$20,000" for "\$10,000" in the last sentence; and, in subsection (o), substituted "10 years" for "five years" in the first sentence, inserted "demolition, removal" three times, added "meets one of the following requirements:" at the end of the introductory language, and inserted "within the last five years" and "environmental remediation of the property or requiring" in paragraph (1).

The 2005 amendment, effective June 25, 2005, updated a federal reference near the end of the introductory language in subsection (m).

Editor's notes. Section 3, ch. 64, SLA 2002, provides that subsection (q) is retroactive to January 1, 2001.

Legislative history reports. For legislative letter of intent in connection with the enactment of (m) and (n) of this section by ch. 98, SLA 1989 (SCS CSHB 272(Fin) am S), see 1989 Senate Journal 1866.

## NOTES TO DECISIONS

City may not exempt property without express authority. - The authority of a municipal corporation to allow exemptions of particular property from taxation, unless expressly conferred by law, has very generally been denied. *Valentine v. City of Juneau*, 36 F.2d 904 (9th Cir. 1929), decided under former, similar law.

Ordinance definition of "residential property" reasonable. - Definition of "residential property," imposed by an ordinance, that residential property meant the owner's primary residence, was a narrow but reasonable interpretation of subsection (a) of this section. *Stanck v. Kenai Peninsula Borough*, 81 P.3d 268 (Alaska 2003).

Cited in *City of Valdez v. State, Dep't of Community & Regional Affairs*, 793 P.2d 532 (Alaska 1990).

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• (907) 452-2275 • Fax: (907) 452-4374 •

---

January 19, 2006

Jay Ramras  
House Representative  
State Capital, Room 104  
Juneau, AK 99801-1182

RE: HB 334

Dear Representative Ramras,

As a business owner in the downtown area, and a longtime resident of Fairbanks. I am in support of House Bill 334, "An Act relating to an exemption from and deferral of municipal property taxes for certain types of deteriorated property". If this bill will help to improve the core downtown area the benefits to the community will be substantial. Having the Polaris building apartments will help keep downtown vital.

Your support of this bill will be a benefit to the downtown residents and businesses.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Thomas", written over a horizontal line.

Mark Thomas  
748 Gaffney Rd. Suite 206  
Fairbanks, AK 99701  
Compensation Risk Consultants  
JC

MARC A. MARLOW

229 Whitney Road  
Anchorage, AK 99501  
1-907-229-8176

January 13, 2006

Rep. Jay Ramras  
State Capitol  
Room 104  
Juneau, AK 99801

RE: HB 334

Dear Representative Ramras,

Last year I began investigating the possibility of renovating the Polaris Building in Fairbanks using the same process that I am using to renovate the McKinley Tower (MacKay Building) in Anchorage. The plan is to make the Polaris Building apartments again.

I asked the Fairbanks Northstar Borough to pass legislation that would provide a ten year property tax exemption followed by a five year property tax deferral using the authority the borough has per AS 29.45. An ordinance was passed that accomplished such a property tax package except the ordinance requires that the deferred tax would need to be paid within 180 days from the end of the deferral period. The borough attorney felt that AS 29.45.O was not clear when any deferred tax needed to be paid.

When AS 29.45 was amended in 1998 by adding subsection O the intent was for the deferred tax to be paid the next time the property sells or is transferred. Requiring the deferred tax to be paid any sooner is very problematic because the renovated property would very likely still have a mortgage encumbering the property and there would be no way to get to the equity developed to that point to pay the tax.

The logical time to pay the deferred tax is when the property sells the next time, which is when the equity would be harvested.

I have included excerpts from testimony offered by myself and Steve Van Sant. Mr. Van Sant was the state assessor at the time. This testimony establishes the intent. HB 334 would make the intent clear and allow me to continue my effort to renovate the blighted property known as the Polaris Building.

Sincerely,



Marc A. Marlow



**Pamela Throop**

748 Gaffney Road Suite 203

Fairbanks, Alaska 99701

907-456-6008

Fax: 456-6474

E-mail: pam@realtyalaska.com

January 13, 2006

Jay Ramras  
House Representative  
State Capital, Room 104  
Juneau, AK 99801-1182

RE: HB 334

Dear Representative Ramras,

I am a realtor in the Fairbanks area and am in support of House Bill 334 that defines the time of tax exception deferred. The Polaris building has been a blight in the downtown area of Fairbanks. The building sits between the new State Courthouse and the city parking garage, and when remodeled will benefit the the entire downtown area. The local area businesses can view the building in its present condition of decay and the remodel and facelift of the building would benefit all. Your consideration in supporting this bill would be appreciated.

Sincerely,

Shawn Evans  
Alaska Commercial Properties, Inc.  
748 Gaffney Road, Ste 203  
Fairbanks, Alaska 99701

January 18, 2006

Jay Ramras  
House Representative  
State Capital, Room 104  
Juneau, AK 99801-1182

RE: HB 334

Dear Representative Ramras,

I am a Realtor in the Fairbanks area and am in support of House Bill 334 that defines the time of tax exception deferred. The Polaris building has been an eye sore in the downtown area of Fairbanks. The building sits between the new State Courthouse and the city parking garage, and when remodeled will benefit the entire downtown area with jobs and a more pleasant appearing building. The local area businesses can view the building in its present condition of decay and the remodel and facelift of the building would benefit all. Your consideration in supporting this bill would be appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "Andrea Barker".

Andrea Barker  
Fairbanks, Alaska

January 18, 2006

Jay Ramras  
House Representative  
State Capital, Room 104  
Juneau, AK 99801-1182

RE: HB 334

Dear Representative Ramras,

I am a Realtor in the Fairbanks area and am in support of House Bill 334 that defines the time of tax exception deferred. The Polaris building has been an eye sore in the downtown area of Fairbanks. The building sits between the new State Courthouse and the city parking garage, and when remodeled will benefit the entire downtown area with jobs and a more pleasant appearing building. The local area businesses can view the building in its present condition of decay and the remodel and facelift of the building would benefit all. Your consideration in supporting this bill would be appreciated.

Sincerely,



Lila Nash

Fairbanks Alaska

January 18, 2006


Jay Ramras  
House Representative  
State Capital, Room 104  
Juneau, AK 99801-1182

RE: HB 334

Dear Representative Ramras,

I am a Realtor in the Fairbanks area and am in support of House Bill 334 that defines the time of tax exception deferred. The Polaris building has been an eye sore in the downtown area of Fairbanks. The building sits between the new State Courthouse and the city parking garage, and when remodeled will benefit the entire downtown area with jobs and a more pleasant appearing building. The local area businesses can view the building in its present condition of decay and the remodel and facelift of the building would benefit all. Your consideration in supporting this bill would be appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read 'Marian De Heus', written over a faint circular stamp or watermark.

Marian De Heus  
North Pole, Alaska

## House Minute

---

Feb 25, 1999

### HB 76 - MUNICIPAL TAXES ON DETERIORATED PROPERTY

CO-CHAIRMAN HARRIS announced the first order of business before the committee would be HOUSE BILL NO. 76, "An Act relating to an exemption from and deferral of payment on municipal taxes on deteriorated property; and providing for an effective date."

CO-CHAIRMAN HALCRO, Sponsor of HB 76, stated that HB 76 makes technical changes to HB 399 which was passed last year. HB 399 authorized municipal governments to exempt or defer municipal property taxes on deteriorated property in the hope that developers would redevelop deteriorated properties into productive properties ultimately placed on the tax rolls. Co-Chairman Halcro explained that HB 76 clarifies the following areas: whether a municipality may either partially or totally exempt a property from property taxes; provide an exemption that may begin any time on or before substantial rehabilitation begins; and prohibit an exemption and deferral of property taxes from being in effect simultaneously.

CO-CHAIRMAN HALCRO noted that Representative Dyson had signed on as a co-sponsor of HB 76. The legislation has also been introduced in the Senate. The packet includes letters of support from the Anchorage Assembly, the Downtown Partnership, and the United Brotherhood of Carpenters and Joiners of America Local Union 1281. The intent of HB 399 was to allow municipalities to renovate or encourage development of dilapidated properties. One much discussed such property is the McKay Building. The packet includes photos of the proposed renovation of the McKay Building(ph).

Number 0337

REPRESENTATIVE JOULE noted that when HB 399 left Senate Rules last year, the language "totally" was deleted. He asked if Co-Chairman Halcro knew why "totally" was deleted.

CO-CHAIRMAN HALCRO pointed out that the committee packet contains testimony from Attorney Margaret Rawitz, who helped draft HB 76. There is confusion as to why "totally" was deleted. If a developer is allowed to have a total exemption or deferral of property taxes, then the developer does not pay taxes on the dilapidated property while doing rehabilitation.

CO-CHAIRMAN HARRIS asked if the exemption would exempt the building or would it include the property as well.

CO-CHAIRMAN HALCRO said that the exemption would apply to the land as well as the building.

Number 490

REPRESENTATIVE MURKOWSKI referred to the inserted language "beginning on or any time" which she understood from Ms. Rawitz's letter that the language was inserted in order to provide the municipality flexibility. Does this language provide the municipality the option to grant a referral three years after the beginning of renovation?

CO-CHAIRMAN HALCRO explained that most municipalities are required begin tax referrals/exemptions on the first day of the year. If the rehabilitation does not begin until June, six months is lost. This language provides the municipality with the flexibility to begin the tax deferral any time during the calendar year.

REPRESENTATIVE MURKOWSKI believed that the language left it very open. The language does not limit the referral/exemption to any time in that given tax year.

CO-CHAIRMAN HALCRO referred to Ms. Rawitz's testimony which says, "The new language would allow a municipality to delay the exemption and/or deferral until the renovation work has been substantially completed." He noted that there is a tremendous amount of local control in this area. The technical changes in HB 76 would allow the municipality the flexibility, but approval at the city council or assembly level would be necessary.

REPRESENTATIVE MURKOWSKI expressed the need to make Ms. Rawitz's comments clear in the language of the legislation. Representative Murkowski understood that this is an option given to the municipalities, but she expressed concern that this language is an open-ended provision.

CO-CHAIRMAN HALCRO referred to page 1, lines 8 through 10 which reads: "A municipality may by ordinance permit deferral of payment of taxes on all or some types of deteriorated property for up to five years beginning on or any time after the day substantial rehabilitation, renovation, or replacement of any structure on the property begins." Co-Chairman Halcro said although the state statute may be open-ended, the municipalities are the local control in this case.

Number 0876

MARC MARLOW, Marlow Development Corporation, informed the committee that last year HB 399 received 11-0 resolutional support from the Anchorage Assembly, passed the House of Representatives 40-0, passed the Senate 19-0, and subsequently the Governor signed it into law. The Anchorage Assembly passed an ordinance amending Municipal Code to reflect HB 399. Mr. Marlow explained that the municipal attorney requested clarification of some points which resulted in HB 76. Mr. Marlow noted that he originally requested that HB 76 be considered due to his opinion that Alaska has buildings that are deteriorating and aging. This law, which many

states have in order to facilitate redevelopment of areas that would not otherwise be redeveloped, is patterned after a Pennsylvania law. The McKay Building is an example of the benefit of passing HB 76. Mr. Marlow acknowledged that it could be some time before this law would be utilized again since there are not a tremendous amount of older buildings, but dealing with just the McKay Building would be worth the effort.

With regards to the McKay Building, the design is finished, the plans have been turned into building safety, the building permit number has been assigned to the project, and the plan review should require eight to ten weeks in the process. Mr. Marlow expressed appreciation in making these amendments to afford the municipal attorney more comfort with the language.

Number 1109

MR. MARLOW explained that the McKay Building could not move forward as a straight business deal without this law. Even with the property tax exemption and deferral, the McKay Building project is having difficulties. This will help the municipality have more funds in the treasury for property taxes long-term. Currently, the McKay Building does not provide any revenue and would cost approximately \$3 million of tax payer money to tear down the building. Under this scenario, the McKay Building would create many jobs and in 10 years the municipality would receive approximately \$200,000 per year in property taxes. The area surrounding the building would increase in value; this would be the beginning of a renewal on the east end of downtown Anchorage.

REPRESENTATIVE MURKOWSKI mentioned her specific interest in the McKay Building since it is a blight in her personal skyline. She asked if the July 1, 1999 effective date of HB 76 would affect the development process.

Number 1221

MR. MARLOW replied no. He explained that the property tax exemption and deferral that any municipality may pass does not go into effect until there is performance. This prevents municipalities from extending property tax exemptions and deferrals on property that is never renovated. Mr. Marlow said that the performance on the McKay Building would not be completed until well into 2000.

MR. MARLOW said that it does not matter when the exemption and deferral begin. The language was inserted to allow the exemption and deferral to begin the next tax year after completion of the project, after the performance was accomplished. Mr. Marlow pointed out that if the exemption and/or deferral began three years after the completion of the project, the property would be paying property taxes in between.

MR. MARLOW, in further response to Representative Murkowski, reiterated that the redevelopment design for the McKay Building is complete and has been turned into Building Safety in Anchorage and that process would take approximately eight weeks. The financing vehicle is in the third phase of a four phase period of consideration which would not be completed any earlier than 60 days from now. Mr. Marlow hoped the renovation would be

started in July or early August and would require approximately 11 months to complete. By the summer of 2000, people should be able to move into a safe and renovated McKay Building.

MR. MARLOW informed the committee that last year a market study by a Seattle research firm concluded that the McKay Building's 123 unit apartments would be filled within four months of its completion. The target market for these apartments is anyone, but Mr. Marlow believed that it would be appealing to the young, 20 something person, who works downtown. The marketing will take place in the newspaper and the Internet. In response to Co-Chairman Harris, Mr. Marlow felt the McKay Building would be renamed.

Number 1475

STEVE VAN SANT, State Assessor, Department of Community & Regional Affairs, testified via teleconference from Anchorage. He noted that he did not have a chance to testify on HB 399 last year and had not talked with Representative Halcro about HB 76, but had discussed SB 54 with Senator Kelly. Mr. Van Sant directed the committee to the language on page 1, lines 9-10 which Co-Chairman Halcro said was intended to allow the exemption to begin any time during the year. To date, all exemptions in Alaska begin the first day of the tax year, January 1, and the supreme court has ruled on that matter. Therefore, Mr. Van Sant expressed concern with allowing partial year exemptions. With regard to the McKay Building, Mr. Van Sant would recommend to Anchorage that the exemption begin January 1 which seemed to be what Mr. Marlow indicated.

MR. VAN SANT referred to page 1, lines 13-14 which does not indicate that the municipality may collect interest on deferred taxes. Currently, only one statute allows deferment of taxes which is the agricultural exemption and deferment. The agricultural exemption and deferment allows the municipality to collect deferred taxes with interest at eight percent. Mr. Van Sant suggested language specifying that the municipality would not lose interest on deferred taxes should be added. He believed it would be almost administratively impossible to as lines 13-14 say, "if ownership of only part of the property is transferred, all tax payments attributable to that part are immediately due ...." If ownership is transferred, Mr. Van Sant wanted all deferred tax payments to be due and payable at that time, including the eight percent interest. Mr. Van Sant noted that as a state assessor he is typically opposed to exemptions and deferments. However, in the case of the McKay Building, Mr. Van Sant applauded Mr. Marlow's plans and reluctantly backed down from his usual stance understanding this would be for the good of the community and would like for the project to move forward.

Number 1689

CO-CHAIRMAN HARRIS asked if Mr. Van Sant suggested on page 1, line 13 after "immediately due" insert "interest".

MR. VAN SANT clarified that on page 1, line 13 delete "only" and insert "any" and on line 14 after "payments" insert "including interest at eight percent" and delete "to that part". On page 2, line 1 delete "attributable to that part". In further response to Co-Chairman Harris, Mr. Van Sant explained that eight percent interest is desirable because that is consistent with the statutes

for agricultural deferments.

Number 1800

MR. MARLOW agreed with Mr. Van Sant that once the property is transferred, the deferred portion of the taxes should be paid. However, the interest on this type of exemption or deferral was specifically avoided. Mr. Marlow explained, "When a person applies for and receives a farm deferral, what they are saying is: I have a piece of property that in the open market place might be worth many, many more dollars than than what I'm using it for. And so, I want that, you know, it might be assessed at a value that's much higher than its use as a farm. And so, a person applies for the farm deferral and the taxes back seven years are counted at the lower rate, but the interest that -- the interest accrues so that when that farmer decides I'm going to sell my property now on the open market place and collect all this money that I wasn't paying taxes for here; kind of recompensates the municipality for the taxes that they weren't paying on a higher value back seven years." In this case, Mr. Marlow explained this addresses property that without this incentive would have no hope of being renovated. Such a property would then be placed back in the market place and made taxable at its highest value. Mr. Marlow emphasized that applying interest to a deferred portion would be a disincentive to those goals.

REPRESENTATIVE MURKOWSKI asked if the issue regarding interest had surfaced during prior discussions.

MR. MARLOW could not testify if the issue of interest publicly surfaced in the past. Certainly, the issue of interest was considered during the creation of the legislation. Interest was specifically avoided with respect to the deferred portion.

Number 1992

CO-CHAIRMAN HARRIS restated Mr. Van Sant's point that state statute only allows tax deferrals to begin January 1 which would seem to be at odds with the language on page 1, line 9. Co-Chairman Harris asked if Mr. Marlow would have a problem with including language indicating the deferral would begin at the beginning of the tax year.

MR. MARLOW believed that the language in HB 76 was used in order to allow the municipality to begin the deferral and/or exemption the following tax year after performance to be compliant with state law. Mr. Marlow did not recall any discussion or intent to allow the exemption in July or August. Mr. Marlow said that whatever would be necessary to ensure clarity on that issue would be fine.

CO-CHAIRMAN HALCRO noted that Ms. Rawitz drafted an ordinance for the Municipality of Anchorage which created a tax exemption and deferral program. Co-Chairman Halcro read the following from Ms. Rawitz's testimony: "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."

CO-CHAIRMAN HARRIS inquired as to the legality of the language.

MR. MARLOW said that he believed that was the intent.

MR. VAN SANT stated that he was comfortable with the language, as long as the record reflects that the intent of the committee was not to change the manner in which exemptions are attached as of January 1. From working with the municipality and its attorney on this ordinance, the day Mr. Marlow broke ground would be the day the exemption would begin. Mr. Van Sant further understood the intent was to have a delay of a year until more substantial completion was accomplished which is what Mr. Van Sant understood the reasoning to be for this language.

Number 2182

MR. MARLOW agreed. The exemption should not be initiated until the performance or substantial completion has been accomplished and the next tax year begins. Mr. Marlow agreed with Mr. Van Sant's assessment of the intent of the language regarding the beginning of the exemption or deferral.

CO-CHAIRMAN HALCRO said that HB 76 is a win-win situation for all communities. Co-Chairman Halcro used the McKay Building project as an example of how this legislation would be beneficial. This legislation would allow a developer to invest money in the McKay Building which once on the property tax rolls would reduce everyone's property taxes in Anchorage, employ people, and create a foundation in the neighborhood. Co-Chairman Halcro said he would appreciate support on HB 76.

Number 2310

REPRESENTATIVE DYSON moved to report HB 76 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, it was so ordered.

**BILL ID: HB 76**

00 **CS FOR HOUSE BILL NO. 76(CRA)**

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 [AND THE DEFERRAL ATTRIBUTABLE TO THAT  
02 PART ENDS]. Only one exemption and only one deferral may be granted to the same  
03 property under this subsection, and, if an exemption and a deferral are granted to  
04 the same property, both may not be in effect during the same time. In this  
05 subsection, "deteriorated property" means real property that is commercial property not  
06 used for residential purposes or that is multi-unit residential property with at least eight  
07 residential units, and that

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

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

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

16 \* **Sec. 2.** This Act takes effect July 1, 1999.

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.

# SENATE COMMITTEE REPORT

DATE: 4/7/06

FURTHER: Finance

DATE TURNED  
IN TO OFFICE: 4/26/06

Community and Regional Affairs Committee considered CS FOR HOUSE BILL NO. 334(FIN)

## HB 334 MUNICIPAL PROPERTY TAX DEFERRAL/EXEMPTION

"An Act relating to an exemption from and deferral of municipal property taxes for certain types of deteriorated property."

and recommends:

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

**CS Senate Bill:**  
 Same Title  
 New Title

**SCS 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#
Gov/All	12/31/17			X	2
DCCED	1/30			X	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	N/C	AMEND
Wagner <i>[Signature]</i>	✓			
G. Stevens <i>[Signature]</i>			X	
Kookesh <i>[Signature]</i>	✓			
CHAIR: <i>[Signature]</i>			✓	

Wagner  
G. Stevens  
Kookesh  
  
Sledman

**HB**

**338**

**HFIN**

**FILE**



# FISCAL NOTE

STATE OF ALASKA  
2006 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: CSHB 338(L&C)  
(H) Publish Date: 2/17/06

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor and Workforce Development  
Title: Certificate of Fitness for Explosive Handlers RDU: Labor Standards and Safety  
Sponsor: Representative Chenault Component: Mechanical Inspection  
Requester: House Labor & Commerce Component Number: 346

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

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2006) cost: None  
Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This legislation requires criminal history and background checks for a Certificate of Fitness for explosive handlers. There is no anticipated financial impact to the department as a result of this legislation.

Prepared by: Grey Mitchell, Director Phone: (907) 465-4855  
Division: Labor Standards & Safety Date/Time: 1/5/06 2:41 PM  
Approved by: Greg O'Claray, Commissioner Date: 1/5/2006  
Agency: Department of Labor and Workforce Development

# FISCAL NOTE

STATE OF ALASKA  
2006 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSHB 338(L&C)  
(H) Publish Date: 2/17/06

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Public Safety  
Title An Act relating to certificates of fitness RDU Statewide Support  
for explosives handlers Component Criminal Records and ID  
Sponsor Representative Chenault  
Requester Labor & Commerce Committee Component No. 1190

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

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
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**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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This bill creates a process for the certification of explosives handlers by the Department of Labor and Workforce Development. This process includes the requirement that the applicant for a certificate submit fingerprints and fees for a national criminal history check to be performed by the Department of Public Safety under AS 12.62.400. The language of this bill is consistent with other statutes for criminal history checks that have been approved by the FBI.

The Department of Public Safety will be able to perform these additional criminal history checks with no fiscal impact.

Prepared by: Director David Schade Phone 269-0202  
Division: Statewide Services Date/Time 1/17/06 1:30 PM  
Approved by: Commissioner William Tandeske Date 1/17/2006  
Agency: Department of Public Safety

# STATE OF ALASKA

Department Of Labor and Workforce Development

FRANK H. MURKOWSKI, GOVERNOR

P. O. Box 21149  
Juneau, AK 99802-1149  
Phone: (907)465-2700  
Fax: (907)465-2784

## OFFICE OF THE COMMISSIONER

February 1, 2006

The Honorable Tom Anderson  
House Labor and Commerce Committee  
M/S 3100  
Juneau, AK 99801-1182

Dear Chairman Anderson,

I am writing in support of HB 338. This legislation aims to minimize threats to public safety and unsafe work sites by requiring a finger print based national criminal history check before issuing an explosives handler's license under AS 08.52. This bill does not apply to explosives handlers in the mining industry, as these workers are specifically excluded from the licensing requirement under AS 08.52.070.


Currently, the department has no statutory authority to require an explosives handler's license applicant to submit to a criminal history check. The Federal Bureau of Alcohol, Tobacco, Firearms and Explosives does not require explosives handlers (employee possessors) to provide fingerprints for a national criminal history check. HB 338 provides the necessary authority to improve the security of Alaskans.

The State of Alaska currently requires fingerprint based national background checks for several occupations through authority granted under AS 12.62.400 (copy enclosed). The occupations listed, including security guards, nurses, teachers, school bus drivers and attorneys, perform work requiring a high level of public trust.

A person licensed to handle and detonate explosives on construction sites, which can be in close proximity to schools and other public facilities and residential areas, also performs work requiring a high level of public trust. The state has a responsibility to take appropriate measures to minimize risks to public safety. HB 338 will provide a vital tool to help the department meet its responsibilities.

I urge your support of this legislation. Thank you for your time and attention.

Sincerely,



Greg O'Claray  
Commissioner

Enclosure

cc: Representative John Harris, Speaker of the House  
Representative Mike Chenault  
Members of the House Labor & Commerce Committee

## HB 338 Sectional Analysis Explosive Handler Certificate of Fitness

**Section 1** amends AS 08.52.030 to require an applicant for an explosive handler's certificate of fitness (license) to provide, in addition to existing information, fingerprints and fees for a nationwide criminal background check by the Alaska Department of Public Safety.

**Section 2** establishes a new subsection (AS 08.52.035) to outline the authority and process for a nationwide criminal background check to be completed for an explosive handler's certificate of fitness. The applicant will be required to submit finger print cards and the required fees to the Alaska Department of Labor and Workforce Development. The Alaska Department of Labor and Workforce Development will then submit the finger prints and fees to the Alaska Department of Public Safety and request a nationwide criminal background check for criminal justice information on the applicant.

**Section 3** amends AS 08.52.040 defining the standards for issuing an explosive handler's certificate to include the applicant's criminal background check.

**Section 4** amends AS 08.52.040 to add a new subsection prohibiting the department from issuing an explosive handler's certificate of fitness to an individual convicted of a felony within 10 years of the date of application.

**Section 5** amends AS 12.62.400 to add a new subsection that allows the Alaska Department of Public Safety to conduct a nationwide criminal background check for the purpose of issuing a certificate of fitness to handle explosives under AS 08.52.

**Section 6** provides for an immediate effective date.

**Alaska Department of Labor Workforce Development  
Labor Standards Safety Division**

**Summary of Explosive Handlers  
License Requirements by State**

<b>State</b>	<b>Explosives License Test Required</b>	<b>Criminal History Check</b>
Alabama	yes	yes
Colorado	yes	yes
Connecticut	yes	yes
Delaware	yes	yes
District of Columbia	no	yes
Florida	yes	yes
Georgia	yes	yes
Hawaii	yes	yes
Illinois	yes	yes
Iowa	no	yes
Kansas	no	yes
Kentucky	yes	yes
Louisiana	yes	yes
Maine	no	yes
Maryland	yes	yes
Massachusetts	yes	yes
Michigan	no	yes
Minnesota	no	yes
Nebraska	yes	yes
Nevada	yes	yes
New Hampshire	yes	yes
New Jersey	yes	yes
New York	yes	yes
Oklahoma	yes	yes
Oregon	yes	yes
Pennsylvania	yes	yes
South Carolina	yes	yes
South Dakota	no	yes
Vermont	no	yes
Virginia	yes	yes
Washington	yes	yes
West Virginia	yes	yes
Wisconsin	yes	yes
Wyoming	yes	yes

Source of Information:  
Institute of Makers of Explosives  
website: <http://www.ime.org>

THE  
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DOCUMENT(S)  
ARE  
POOR  
ORIGINAL  
COPIES



# ALASKA MINERS ASSOCIATION, INC.

3305 Arctic Blvd., #105, Anchorage, Alaska 99503 • (907) 563-9229 • FAX: (907) 563-9225 • [www.alasminers.org](http://www.alasminers.org)

January 18, 2006

Honorable Mike Chenault  
Alaska State House of Representatives  
Capitol Building  
Juneau, AK 99801

RE: HB-338, Certificate of Fitness for Explosive Handlers

Dear Representative Chenault,

Thank you for the opportunity to comment on House Bill 338, which would make changes to the existing statute dealing with applications, qualifications and background checks for persons handling explosives.

Based on our initial review, HB-338 appears in large part to be a duplication of the Bureau of Alcohol Tobacco & Firearms (BATF) requirements. In addition to criminal history and background checks, Section 08.52.040 of the bill also requires the State to develop a procedure to determine that an individual is "found competent by reason of training, experience, and physical fitness" to handle explosives.

We fully agree with the need to ensure that explosives do not get into the wrong hands. However, we suggest that there may be another means for accomplishing this goal while not duplicating a requirement for business and not raising costs for state government.

BATF already requires a criminal background check, passport photo, finger prints and personal information on all "responsible persons" listed under a federal explosive permit. Criminal background checks and personal information is also required on all "employee possessors" under a federal explosive permit. Also, the Mine Safety and Health Administration already requires training and documentation for any person who handles explosive materials on a mine site. A State program would require development of a process to assess the training, experience and physical fitness of applicants. All of which would add cost to both business and state government.

An alternative to creating a new program would be to establish a link with BATF that would utilize the existing BATF results and thereby keep all requirements within that one agency. This would remove the duplication and still provide the information to the State.

Thank you for the opportunity to comment on this bill.

Sincerely,

Steven C. Borell, P.E.  
Executive Director

EXAMPLES FROM  
OTHER STATES



The Department of Military Affairs and Public Safety

OFFICE OF THE STATE FIRE MARSHAL

1207 Quarrier St, 2<sup>nd</sup> Floor  
Charleston, WV 25301

APPLICATION FOR INDIVIDUAL BLASTER'S PERMIT

In compliance with West Virginia State Code, Chapter 29-3-12/12b and the State Fire Code, application is hereby made for an individual State Explosive Handler's Permit of the type and class indicated below. Please circle the type of permit you wish to apply for.

<u>Type Permit</u>	<u>Class</u>	<u>Blasting Authorized</u>	<u>Annual Permit Fee</u>
Unlimited	A	All types of blasting	\$ 75.00
Gen. Aboveground	B	All blasting operations in quarries, open pit mines, and aboveground construction	\$ 75.00
Gen. Underground	C	All blasting operations in underground mines, shafts, tunnels and drifts. Exception: underground coal mining	\$ 75.00
Demolition	D	All blasting in demolition projects	\$ 75.00
Seismic	E	All blasting in seismic prospecting	\$ 50.00
Agriculture	F	All blasting in agriculture – limited to no more than 50 lbs per blast	\$ 15.00
Special	G	Special blasting operations limited to indication on permit (i.e. coal only – law enforcement – well drilling, etc.)	\$ 40.00

Applicant Name					
Address		City, State & Zip			
Home Phone ( ) _____ - _____		Work Phone ( ) _____ - _____			
Soc.Sec.No.		Date of Birth			
Drivers License No.:		State of Issue			
Applicant Data		Height	Weight	Gender	Male ___ Female ___

Answer any and all of the following questions:

US Citizen	yes ___ no ___	If not state nationality:
Are you addicted to narcotics, intoxicants or similar drugs ?	yes ___ no ___	
Have you ever been refused an Explosive Handler's license in any state ?	yes ___ no ___	
Have you ever been convicted of a felony ?	yes ___ no ___	*
Are you currently under indictment for a felony ?	yes ___ no ___	*
How many years / months have you had experience in handling explosives ?		
Please indicate at least one previous employer as a reference:		

**Current Employer:**

Company Name:	Address:
Company Phone:	Job Title:
Employed since:	Name of Supervisor:

Application Review Fee: \$ 40.00 (initial application only – does not apply for renewal within 3 yrs of expiration)

License Fee (see pg 1): \$ \_\_\_\_\_

Total Amount Due: \$ \_\_\_\_\_

**This application must be officially notarized as follows:**

I hereby swear/affirm under oath that the aforementioned questions have been answered truthfully to the best of my knowledge; that I have adequate training and field experience in the safe handling / use of explosive material in the class authorized by this permit; that I have not been convicted of a violation of any explosive law or regulation; that I am not currently under indictment or have pled to an information for/or have been convicted of a crime punishable by imprisonment for a term exceeding one (1) year; that I am not a fugitive from justice, that I am not addicted to narcotics or dangerous drugs, that I have never been adjudicated as a mental defective nor do I have a physical defect that would interfere with the safe and proper handling of explosives; that I do not advocate or knowingly belong to any organization or group that advocates violent overthrow of or violent action against any federal, state, or local government, and that no misrepresentation of any of the facts or information contained herein was made to fraudulently obtain this permit to use; and that I will adhere to and abide by all the rules and regulations as promulgated in the West Virginia State Fire Code, Section 4, which pertains to explosives, and shall be responsible for the results and any other consequences that may arise from my handling, loading or firing of any explosive material. *I also agree that a record check on my behalf shall be made and I am authorizing the State Fire Marshal's Office to obtain any police record found.*

Applicant Signature	Date
Notarized By	Seal

For office use only:  
Application was \_\_\_ approved \_\_\_ disapproved by \_\_\_\_\_

FORM: FM2004EXP001



## FINGERPRINT CARD

All applicants for a Blaster's Certificate of Competence are required to submit a fingerprint card. All applicants must contact the Department of Labor at the phone number given in the heading to receive a fingerprint card.



Complete the fingerprint card, glue one 1½ x 1½ photograph to the reverse side of the card directly under the words "For Submitting Agency Use" and bring the card to the nearest local or state police office where your fingerprints will be taken. The card should be sent with all other application material to the License and Certificate Unit.

## FEES

The total fee is \$219.00. It consists of \$120.00 for the certificate application and \$99.00 for the DCJS and FBI fingerprints record search. These fees are non-refundable.



Applicants holding both a blaster certificate and a NYS explosives license will only be required to pay for the fingerprint fee once during the year when both the certificate and license are renewed.

## PAYMENT

A check or money order made payable to the Commissioner of Labor in the amount outlined above.

## SUBMISSION

An original application and the total fee, the notarized waiver in duplicate, the notarized Appendix to a License Application, and the fingerprint card must be mailed to the License and Certificate Unit.

## GENERAL INFORMATION

### Term of Certificate

The Certificate is valid for three years from the date of issuance.

### Type of Certificates

Class A - Holder may supervise and perform the preparation for and the detonation of **any** blast.

Class B - Holder may supervise and perform the preparation for and the detonation of any **above** ground blast.

Class C - Holder may supervise and perform the preparation for and the detonation of any **underground** blast.

### Carry Certificate

Carry the Certificate at all times when working with explosives. Failure to produce such certificate upon request will be presumptive evidence that the blaster is not certified.

### Change of Address

You must notify the License and Certificate Unit of any change in your address. Failure to send in this information may prevent delivery of your certificate or your renewal application.

### Denial of Certificate

Any applicant whose application for a Certificate of Competence has been denied may request a hearing before the examining board. The applicant must submit the request in writing to the Commissioner of Labor within 30 days after the mailing or personal delivery of the notice of denial.

## **IMPORTANT NOTICE:**

*To purchase, own, possess and/or transport explosives, it will be necessary to obtain a license for these purposes. Applications may be obtained from the NYS Department of Labor, License and Certificate Unit, Building 12, Room 290A, State Campus, Albany, NY 12240.*

Sec. 12.62.400. National criminal history record checks for employment, licensing, and other noncriminal justice purposes.

To obtain a national criminal history record check for determining a person's qualifications for a license, permit, registration, employment, or position, a person shall submit the person's fingerprints to the department with the fee established by AS 12.62.160. The department may submit the fingerprints to the Federal Bureau of Investigation to obtain a national criminal history record check of the person for the purpose of evaluating a person's qualifications for

- (1) a license or conditional contractor's permit to manufacture, sell, offer for sale, possess for sale or barter, traffic in, or barter an alcoholic beverage under AS 04.11;
- (2) admission to the Alaska Bar Association under AS 08.08;
- (3) licensure as a collection agency operator under AS 08.24;
- (4) licensure to practice nursing or certification as a nurse aide under AS 08.68;
- (5) a position involving supervisory or disciplinary power over a minor or dependent adult for which criminal justice information may be released under AS 12.62.160 (b)(9);
- (6) a teacher certificate under AS 14.20;
- (7) licensure as a security guard under AS 18.65.400 - 18.65.490;
- (8) a concealed handgun permit under AS 18.65.700 - 18.65.790;
- (9) licensure as an insurance producer, managing general agent, reinsurance intermediary broker, reinsurance intermediary manager, surplus lines broker, or independent adjuster under AS 21.27; .
- (10) serving and executing process issued by a court by a person designated under AS 22.20.130;
- (11) a school bus driver license under AS 28.15.046 ;
- (12) licensure as an operator or an instructor for a commercial driver training school under AS 28.17;
- (13) registration as a broker-dealer, agent, investment adviser representative, or state investment adviser under AS 45.55.030 - 45.55.060.

# STATE OF ALASKA

DEPARTMENT OF MILITARY  
AND VETERANS AFFAIRS  
DIVISION OF HOMELAND SECURITY  
AND EMERGENCY MANAGEMENT


FRANK MURKOWSKI, GOVERNOR

P.O. Box 5750  
Ft. Richardson, AK 99505-5750  
Phone: (907) 428-7000  
Fax: (907) 428-7009  
Toll Free: (800)478-2337  
www.ak-prepared.com

January 31, 2006

The Honorable Mike Chenault  
Representative  
State Capitol, Room 507  
Juneau, AK 99611

The Honorable Bob Lynn  
Representative  
State Capitol, Room 415  
Juneau, AK 99801-1182

Through:   
Gen. Craig E. Campbell  
Deputy Commissioner  
Department of Military & Veteran's Affairs

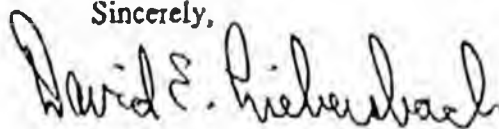
Dear Mr. Chenault and Mr. Lynn:

The Department of Military and Veterans Affairs, Division of Homeland Security and Emergency Management supports HB 338. This legislation will authorize fingerprint based national criminal history checks for explosives handler's licensed under AS 08.52.020. To reduce the potential for identity fraud, fingerprints must be used to verify an individual's identity and criminal history. By controlling access to industrial explosives and detonation devices, this bill will assist our efforts to reduce threats to homeland security in Alaska.

Alaskans deserve the peace of mind and security to know that individuals licensed by the State of Alaska to work with explosives are qualified, responsible individuals. Alaska, with its vast national energy supply and strategic military and shipping facilities, has several potential targets for those who might attempt to acquire and use explosives to cause harm to the peace and security of Alaskans and the rest of the nation. Wherever possible, we all have the responsibility to protect Alaska and the nation by seeking out and eliminating security weaknesses.

I urge your support of this legislation.

Sincerely,



David E. Liebersbach  
Director

del:clj



# Alaska State Legislature

Please enter into the record my testimony to the HB 338

Committee name

Committee on HF IN, dated 3-1-06

Bill/Subject

HB 338

Griz Smith

I am the charter president of the Alaska pyrotechnic guild and president of Fire art by Griz. And Vice President of the Western States Pyrotechnic Association. The Alaska Pyrotechnic guild has 84 members and 600 associate members. Every one that handles explosives is mandated by ATF to fill out the user permit at present only the manufacturers or importers are required to submit fingerprint cards and photo ID's along with the ATF user permit. My concern is this HB338 which is associated with blasting will spill over to the pyrotechnic field simply because we are all classified under the ATF explosives division. And I just wanted to commit at present the Department of public safety does not regulate pyrotechnics, it is currently regulated by the Alaska state fire marshal. Currently under division I explosives groups 1.1 and 1.2 are high explosives and 1.3 is display fireworks and 1.4 is consumer fireworks, I don't that you should be grouping us with the higher explosive division and having us adhere to the stricter policy changes coming into affect due to the Patriot Act.

Signed:

*Griz Smith*

Testifier

ALASKA PYROTECHNIC GUILD INC

Representing (Optional)

Rx 0584 BIG LAKE 99652

Address

892-7700

Phone number

**HB**

**338**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

REPORTED OUT  
 MAY 01 2006  
 SENATE FINANCE COMMITTEE

DATE: 4/21/06

FURTHER:

DATE TURNED  
 IN TO OFFICE: 5/1/06

Finance Committee considered CS FOR HOUSE BILL NO. 338(L&C)

## HB 338 CERTIF. OF FITNESS FOR EXPLOSIVE HANDLERS

"An Act relating to applications, qualifications, and criminal history and background checks for a certificate of fitness for explosives handlers; and providing for an effective date."

and recommends:

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

**CS Senate Bill:**  
 Same Title  
 New Title

**SCS House Bill:**  
 Same Title  
 Technical Title Change  
 New Title w/ SCR # \_\_\_\_\_

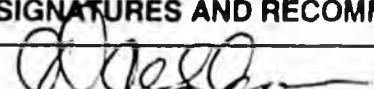

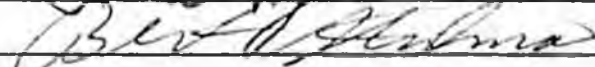
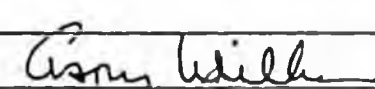

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Ind.	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Ind.	Zero	FN#
DPS	1/17/06			✓	2
LWF	1/5/06			✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
			✓	
	✓			
	✓			
COCHAIR: 	✓			
COCHAIR: 	✓			

# FISCAL NOTE

REPORTED OUT  
 MAY 9 | 2006  
 SENATE FINANCE COMMITTEE

STATE OF ALASKA  
 2006 LEGISLATIVE SESSION

Fiscal Note Number: 1  
 Bill Version: CSHB 338(L&C)  
 (H) Publish Date: 2/17/06

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor and Workforce Development  
 Title: Certificate of Fitness for Explosive Handlers RDU: Labor Standards and Safety  
 Component: Mechanical Inspection  
 Sponsor: Representative Chenault  
 Requester: House Labor & Commerce Component Number: 346

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

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

**FUND SOURCE** (Thousands of Dollars)

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

Estimate of any current year (FY2006) cost: None  
 Mark this box (X), if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This legislation requires criminal history and background checks for a Certificate of Fitness for explosive handlers. There is no anticipated financial impact to the Department as a result of this legislation.

Prepared by: Grey Mitchell, Director Phone: (907) 465-4855  
 Division: Labor Standards & Safety Date/Time: 1/5/06 2:41 PM  
 Approved by: Greg O'Clary, Commissioner Date: 1/5/2006  
 Agency: Department of Labor and Workforce Development

# FISCAL NOTE

REPORTED OUT  
MAY 01 2006  
SENATE FINANCE COMMITTEE

STATE OF ALASKA  
2006 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSHB 338(L&C)  
(H) Publish Date: 2/17/06

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Public Safety  
Title: An Act relating to certificates of fitness RDU: Statewide Support  
for explosives handlers Component: Criminal Records and ID  
Sponsor: Representative Chenault  
Requester: Labor & Commerce Committee Component No.: 1190

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

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

**FUND SOURCE** (Thousands of Dollars)

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

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This bill creates a process for the certification of explosives handlers by the Department of Labor and Workforce Development. This process includes the requirement that the applicant for a certificate submit fingerprints and fees for a national criminal history check to be performed by the Department of Public Safety under AS 12.62.400. The language of this bill is consistent with other statutes for criminal history checks that have been approved by the FBI.

The Department of Public Safety will be able to perform these additional criminal history checks with no fiscal impact.

Prepared by: Director David Schade Phone: 269-0202  
Division: Statewide Services Date/Time: 1/17/06 1:30 PM  
Approved by: Commissioner William Tandeske Date: 1/17/2006  
Agency: Department of Public Safety

# Alaska State Legislature

**Interim:**  
145 Main St. Loop, Suite 220  
Kenai, AK 99611  
*Phone:* (907) 283-7223  
*Fax:* (907) 283-7184



**Session:**  
Alaska State Capitol, Room 5C  
Juneau, AK 99801-1182  
*Phone:* (907) 465-3779  
*Fax:* (907) 465-2833  
*Toll Free:* (800) 469-3779

**Representative Mike Chenault**  
District 34

## **Sponsor Statement** **HB 338**

**Title: "An Act relating to applications, qualifications, and criminal history and background checks for a certificate of fitness for explosives handlers; and providing for an effective date."**

The Alaska Department of Labor and Workforce Development has authority under AS 08.52.010-100 to issue a license known as a certificate of fitness to work with explosives in Alaska. The department currently requires explosive handler license applicants to submit to a criminal background check within Alaska; however, this check does not require finger prints to verify proper identification and does not capture criminal acts the applicant may have committed in other states. To help ensure that an explosive handler's license is not issued to an individual that may cause a national security threat or a threat to Alaskans, it is necessary to have a statutory requirement for a fingerprint based nationwide background check.

The Alaska Department of Public Safety is not authorized to provide a nationwide fingerprint based criminal background check for licensing purposes, unless it is required by state or federal law. This bill will provide the necessary statutory authority for the Alaska Department of Public Safety to perform a fingerprint based nationwide criminal history search and to provide the data to the Alaska Department of Labor and Workforce Development.

# 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

January 3, 2006

**SUBJECT:** Explosives Handlers (HB 338)

**TO:** Representative Mike Chenault  
Attn: Julie Morris

**FROM:** Jean M. Mischel  
Legislative Counsel 

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and that the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

**Section 1.** Adds a criminal background check to the requirements for submission of an application for a certificate of fitness for an explosives handler.

**Section 2.** Specifies, in a new section, a fingerprint and fee procedure for conducting criminal background checks of explosives handlers.

**Section 3.** Adds a criminal background check to the requirements for issuance of a certificate of fitness for an explosives handler.

**Section 4.** Prohibits the Department of Community, Commerce and Economic Development from issuing a certificate of fitness to an explosives handler if the criminal background check indicates a conviction of a felony in the past 10 years.

**Section 5.** Adds certificates of fitness for explosives handlers to the list of occupations needing a criminal background check.

**Section 6.** Provides an immediate effective date.

JMM:ljw  
06-002-ljw

**HB**

**343**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPO

(11)

Date Referred to Committee: February 13, 2006

FURTHER REFERRALS:

Date of Committee Action: Feb. 27, 2006

The FINANCE Committee considered:

HB 343

HOUSE BILL NO. 343

HARASSMENT

"An Act relating to harassment."

Recommends it be replaced with  HCS or  CS for HB 343 (JUD)  
 For Senate Bills with new title:  Technical Title  New Title: HCR \_\_\_\_\_  Same Title  New Title

- attach amendments
- add new referral to \_\_\_\_\_ Committee
- Letter of Intent \_\_\_\_\_ Committee

List of  
Abbrev  
for  
Depts.:

- ADM
- CED
- COR
- CRT
- EED
- DEC
- DEG
- GOV
- HSS
- LEG
- LAW
- LWF
- MVA
- DNR
- DPS
- REV
- DOT
- UA

<u>NEW FISCAL NOTES</u>				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
LAW				✓
CRT				✓
ADM				✓
ADM				✓

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
COR	1			✓
DPS	2			✓

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Hawken	X			
	Holm	X			
	STOLTZE	X			
	Kelly			X	
	Jank			X	
	Weyhraed	X			
	MOSES	X			
	FOSTER	X			
Chair:	Meyer	✓			
Chair:	Chevauit	✓			