



# LAWS OF ALASKA

2022

**Source**

SCS CSHB 411(CRA) am S

**Chapter No.**

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**AN ACT**

Relating to municipal economic development; increasing the residential property tax exemption; relating to municipal tax exemptions and deferrals on economic development property; relating to economic development; and relating to a municipal tax exemption for certain farm structures.

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

THE ACT FOLLOWS ON PAGE 1



**AN ACT**

1 Relating to municipal economic development; increasing the residential property tax  
2 exemption; relating to municipal tax exemptions and deferrals on economic development  
3 property; relating to economic development; and relating to a municipal tax exemption for  
4 certain farm structures.

5

6 \* **Section 1.** AS 29.35.110(c) is amended to read:

7 (c) Notwithstanding (a) of this section, a borough that has entered into an  
8 agreement with a city located in the borough to cooperatively or jointly provide for  
9 economic development may use borough revenue from taxes **or funding from other**  
10 **sources** [, WHETHER COLLECTED ON AN AREAWIDE OR NONAREAWIDE  
11 BASIS,] to carry out the terms of the agreement.

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

13 (a) A municipality may exclude or exempt or partially exempt residential  
14 property from taxation by ordinance ratified by the voters at an election. An exclusion

1 or exemption authorized by this subsection may be applied with respect to taxes levied  
2 in a service area to fund the special services. An exclusion or exemption authorized by  
3 this subsection may not exceed the assessed value of **\$75,000** [\$50,000] for any one  
4 residence except that a municipality may, by ordinance, annually adjust **the**  
5 **municipality's** [THEIR] voter-authorized exemption by the amount calculated by the  
6 State Assessor to reflect the increase, if any, in the annual average cost of living, using  
7 the **United States** [U.S.] Department of Labor **Consumer Price Index for Urban**  
8 **Alaska** [CPI-U FOR ANCHORAGE].

9 \* **Sec. 3.** AS 29.45.050(m) is amended to read:

10 (m) A municipality may by ordinance partially or totally exempt all or some  
11 types of economic development property from taxation for a designated period. Except  
12 as otherwise provided by an ordinance enacted by the municipality before January 1,  
13 2017, a municipality that is a school district may only exempt all or a portion of the  
14 amount of taxes that exceeds the amount levied on other property for the school  
15 district's required local contribution under AS 14.17.410(b)(2). A municipality may by  
16 ordinance permit deferral of payment of taxes on all or some types of economic  
17 development property for a designated period. A municipality may [NOT] apply an  
18 exemption or deferral under this subsection to taxes levied for special services in a  
19 service area that is supervised by **an elected service area** [A] board under  
20 AS 29.35.460 **unless the elected service area board objects to the exemption or**  
21 **deferral by resolution adopted not later than 60 days after the effective date of**  
22 **the municipal ordinance enacting the tax exemption or deferral.** A municipality  
23 may adopt an ordinance under this subsection only if, before it is adopted, copies of  
24 the proposed ordinance made available at a public hearing on it contain written notice  
25 that the ordinance, if adopted, may be repealed by the voters through referendum. An  
26 ordinance adopted under this subsection must include specific eligibility requirements  
27 and require a written application for each exemption or deferral. [IN THIS  
28 SUBSECTION, "ECONOMIC DEVELOPMENT PROPERTY" MEANS REAL OR  
29 PERSONAL PROPERTY, INCLUDING DEVELOPED PROPERTY CONVEYED  
30 UNDER 43 U.S.C. 1601 ET SEQ. (ALASKA NATIVE CLAIMS SETTLEMENT  
31 ACT),

1 (1) TO WHICH ONE OR MORE OF THE FOLLOWING APPLY:

2 (A) THE PROPERTY HAS NOT PREVIOUSLY BEEN  
3 TAXED AS REAL OR PERSONAL PROPERTY BY THE MUNICIPALITY;

4 (B) THE PROPERTY IS USED IN A TRADE OR BUSINESS  
5 IN A WAY THAT

6 (i) CREATES EMPLOYMENT IN THE  
7 MUNICIPALITY;

8 (ii) GENERATES SALES OUTSIDE OF THE  
9 MUNICIPALITY OF GOODS OR SERVICES PRODUCED IN THE  
10 MUNICIPALITY; OR

11 (iii) MATERIALLY REDUCES THE IMPORTATION  
12 OF GOODS OR SERVICES FROM OUTSIDE THE  
13 MUNICIPALITY;

14 (C) AN EXEMPTION OR DEFERRAL ON THE PROPERTY  
15 ENABLES A SIGNIFICANT CAPITAL INVESTMENT IN PHYSICAL  
16 INFRASTRUCTURE THAT

17 (i) EXPANDS THE TAX BASE OF THE  
18 MUNICIPALITY; AND

19 (ii) WILL GENERATE PROPERTY TAX REVENUE  
20 AFTER THE EXEMPTION EXPIRES; OR

21 (2) THAT HAS NOT BEEN USED IN THE SAME TRADE OR  
22 BUSINESS IN ANOTHER MUNICIPALITY FOR AT LEAST SIX MONTHS  
23 BEFORE THE APPLICATION FOR DEFERRAL OR EXEMPTION IS FILED;  
24 THIS PARAGRAPH DOES NOT APPLY IF THE PROPERTY WAS USED IN THE  
25 SAME TRADE OR BUSINESS IN AN AREA THAT HAS BEEN ANNEXED TO  
26 THE MUNICIPALITY WITHIN SIX MONTHS BEFORE THE APPLICATION  
27 FOR DEFERRAL OR EXEMPTION IS FILED; THIS PARAGRAPH DOES NOT  
28 APPLY TO INVENTORIES.]

29 \* **Sec. 4.** AS 29.71.800 is amended by adding a new paragraph to read:

30 (26) "economic development" means an action intended to result in an  
31 outcome that causes an increase in, or avoids a decrease of, economic activity, gross

- 1 domestic product, or the tax base.
- 2 \* **Sec. 5.** Section 2, ch. 66, SLA 2013, is repealed.