

**CS FOR HOUSE BILL NO. 370(CRA) am**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

**BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE**

**Amended: 4/6/16**

**Offered: 4/1/16**

**Sponsor(s): HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to military facility zones; and relating to a municipal tax exemption or**  
2 **deferral for economic development property."**

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

4 **\* Section 1.** AS 26.30.020(c) is amended to read:

5 (c) The adjutant general shall consider the following factors before  
6 designating an area as a military facility zone:

7 (1) whether the proposed military facility zone designation is  
8 consistent with the comprehensive plan of the municipality **or local zoning**  
9 **ordinances;**

10 (2) whether it is feasible to develop sites within the proposed zone for  
11 purposes of industrial or economic development, residential use, and workforce  
12 training or education beneficial to the facility;

13 (3) whether the municipality has targeted the area for revitalization in a  
14 plan or ordinance;

1 (4) the relationship between the area and a military facility subject to  
2 realignment or closure under 10 U.S.C. 2687, as amended, or a successor statute or the  
3 effect of the realignment or closure on the area;

4 (5) the availability, cost, and condition of existing business and  
5 educational facilities to support the military facility or facility of a civilian agency;

6 (6) the difference between the median annual income of residents of  
7 the area and the median annual income of residents of the state and region, and the  
8 number of residents who receive public assistance;

9 (7) the number of residents of the area who receive unemployment,  
10 and the ability of the municipality to improve social and economic conditions of the  
11 area;

12 (8) the need for financing for small businesses that would improve  
13 social and economic conditions in the area;

14 (9) any plans or financial commitments of municipalities to improve  
15 the area;

16 (10) any plans or financial commitments of private entities to improve  
17 the area;

18 (11) the municipality's participation in economic development  
19 activities, including proposals for public or private development;

20 (12) support from community or business organizations in the area;

21 (13) the availability of workforce readiness programs, including  
22 workforce recruiting and training support or educational research and curriculum  
23 support in the area;

24 (14) the availability or plans for the creation of workforce housing  
25 options for residents of the area; and

26 (15) the fiscal effect on the state if the area were to be designated a  
27 military facility zone.

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

29 (m) A municipality may by ordinance partially or totally exempt all or some  
30 types of economic development property from taxation for up to **20** [FIVE] years.  
31 [THE MUNICIPALITY MAY PROVIDE FOR RENEWAL OF THE EXEMPTION

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

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

25 (2) **to which one or more of the following applies:**

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

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

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

31 (ii) [(B)] generates sales outside of the municipality of

1 goods or services produced in the municipality; or

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

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

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

7 (ii) will generate property tax revenue after the

8 exemption expires [AND

9 (3) HAS NOT BEEN USED IN THE SAME TRADE OR BUSINESS  
10 IN ANOTHER MUNICIPALITY FOR AT LEAST SIX MONTHS BEFORE THE  
11 APPLICATION FOR DEFERRAL OR EXEMPTION IS FILED; THIS  
12 PARAGRAPH DOES NOT APPLY IF THE PROPERTY WAS USED IN THE  
13 SAME TRADE OR BUSINESS IN AN AREA THAT HAS BEEN ANNEXED TO  
14 THE MUNICIPALITY WITHIN SIX MONTHS BEFORE THE APPLICATION  
15 FOR DEFERRAL OR EXEMPTION IS FILED; THIS PARAGRAPH DOES NOT  
16 APPLY TO INVENTORIES].