

SENATE BILL NO. 106

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY SENATOR COGHILL

Introduced: 4/5/17

Referred: Community and Regional Affairs, State Affairs

A BILL

FOR AN ACT ENTITLED

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

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

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

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

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 5 adopted, may be repealed by the voters through referendum.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

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

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

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

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

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

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

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

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

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

30 **(ii) will generate property tax revenue after the**
 31 **exemption expires** [AND

1 (3) HAS NOT BEEN USED IN THE SAME TRADE OR BUSINESS
2 IN ANOTHER MUNICIPALITY FOR AT LEAST SIX MONTHS BEFORE THE
3 APPLICATION FOR DEFERRAL OR EXEMPTION IS FILED; THIS
4 PARAGRAPH DOES NOT APPLY IF THE PROPERTY WAS USED IN THE
5 SAME TRADE OR BUSINESS IN AN AREA THAT HAS BEEN ANNEXED TO
6 THE MUNICIPALITY WITHIN SIX MONTHS BEFORE THE APPLICATION
7 FOR DEFERRAL OR EXEMPTION IS FILED; THIS PARAGRAPH DOES NOT
8 APPLY TO INVENTORIES].

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

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

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

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

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