SENATE CS FOR HOUSE BILL NO. 148(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered: 4/14/17
Referred: Rules

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

SENATOR Micciche

A BILL

FOR AN ACT ENTITLED

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

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

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

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

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

(m) A municipality may by ordinance partially or totally exempt all or some types of economic development property from taxation for **a designated period** [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 **a designated period. A municipality may not apply an exemption or deferral under this subsection to taxes levied for special services in a service area that is supervised by a board under AS 29.35.460** [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) **to which one or more of the following applies:**

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

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

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

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

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

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

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

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

(2) that [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.

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

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

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

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

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

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