

Introduced by: Mayor
Date: 02/20/18
Hearing: 04/03/18
Action:
Vote:

**KENAI PENINSULA BOROUGH
ORDINANCE 2018-11**

**AN ORDINANCE AMENDING KPB 5.12.116 AND KPB 19.30.060(B) TO REFLECT
CHANGES TO ALASKA STATUTE 29.45.050 ECONOMIC DEVELOPMENT
PROPERTY TAX EXEMPTION**

- WHEREAS,** AS 29.45.050(m) provides municipalities discretionary authority to partially or totally exempt all or some types of economic development property from taxation for a designated period; and
- WHEREAS,** the 2017 Alaska Legislature enacted SB 100 which, among other things, amended AS 29.45.050(m) to provide municipalities broader discretion relating to economic development property tax exemptions; and
- WHEREAS,** the borough currently provides for economic development property tax exemptions at KPB 5.12.116; and
- WHEREAS,** amending KPB 5.12.116 to reflect the changes to AS 29.45.050(m) which will broaden the conditions under which a property may qualify for an economic development property tax exemption; and
- WHEREAS,** as required by SB 100 the borough clerk has made available copies of this ordinance before enactment at a public hearing containing written notice that this ordinance, if enacted, may be repealed by the voters through referendum; and
- WHEREAS,** it is necessary to amend KPB 19.30.060(B) to clarify that economic development property tax exemption applicants do not also need to satisfy requirements and follow processes set out KPB 19.30;

**NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI
PENINSULA BOROUGH:**

SECTION 1. That KPB 5.12.116 is amended as follows:

5.12.116. Economic development property exemption.

- A. The assessed value of property used for economic development, as defined in this section, is partially exempt from borough property taxes, under the conditions listed in this section.

- B. "Property used for economic development," as used in this section, means that part of real or personal property, as determined by the borough assessor, [THAT] to which one or more of the following apply:
1. Has not previously been taxed as real or personal property by the borough.
 2. That will be used to create a new business operation, or to reopen a business operation five years or more after ceasing all business operations within the borough and [I]is used in a trade or business in a way that:
 - a. [C]creates employment in the borough; [AND]
 - b. [G]generates sales outside of the borough of goods or services produced in the borough; [OR]
 - c. materially reduces the importation of goods or services from outside the municipality; or
 - d. an exemption 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.
 3. That [H]has not been used in the same trade or business in another municipality for at least six months before the application for 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; and this paragraph does not apply to inventories.
- C. The exemption shall be for up to fifty percent (50%) of the assessed value of the property, for up to five consecutive years.
- D. This exemption shall not apply to taxes levied for special services in a service area that is supervised by a board under AS 29.35.460.
- [D]E. Any proposal must be approved by assembly resolution after public hearing.
- [E]F. In order to qualify for this exemption, an applicant must file, with the borough assessor, a written application for the exemption no later than January 15 of each assessment year for which the exemption is sought. The application shall be on a form prescribed by the borough assessor, and shall

include all information determined to be necessary by the assessor to determine eligibility of the property for the exemption. If the applicant fails or refuses to provide information required or requested by the assessor, within the time period set by the assessor, the exemption shall be denied. The assessor may make an independent investigation of the application or property in making a determination under this section. The assessor shall notify the applicant, in writing, of the assessor's determination on the application for exemption.

[F]G. An applicant delinquent in the registration for, filing of a return for, or payment of, any borough or city property or sales tax, or borough special assessment, may not be granted an exemption under this section.

SECTION 2. That KPB 19.30.060(B) is amended as follows:

19.30.060. Forms of direct borough support.

Direct support from the borough for economic development projects may include the use or transfer of borough land, tax credits, and other forms of support as approved by the assembly. Assembly approval by ordinance is required for direct borough support of an economic development project.

...

B. *Tax Credits.* Tax credits available for economic development projects shall include the economic development tax exemption to the extent the project qualifies for that exemption, and any other exemptions that are allowable under state statute and borough code. Applications made solely pursuant to the borough's economic development tax exemption at KPB 5.12.116 shall comply with the requirements for that exemption and are not subject to this chapter.

SECTION 3. That this Ordinance takes effect immediately upon its enactment

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS * DAY OF * 2018.

Wayne H. Ogle, Assembly President

ATTEST:

Johni Blankenship, MMC, Borough Clerk

Yes:

No:

Absent: