

Kenai Peninsula Borough Assembly

MEMORANDUM

TO: Members, Kenai Peninsula Borough Assembly

FROM: Brent Johnson, Assembly President BJ

DATE: March 24, 2022

RE: Ordinance 2022-08 Amending KPB 5.12.116 to Broaden Economic Development Property Tax Exemption for Independent Power Producers (Johnson)

This ordinance promotes continued economic development, power generation diversity, and energy security on the Kenai Peninsula. The public interest is served through diversification of economic opportunities and energy security and resilience.

This ordinance amends code in response to a proposed solar farm development on the Kenai Peninsula. The developers have provided public testimony, including a presentation made to the Assembly, that without a tax exemption the project is not economically viable. Notwithstanding, whether or not a future assembly decides to grant a tax exemption for the specific project in question is not the focus of this ordinance. This ordinance provides that a tax exemption is available for economic development properties that satisfy the criteria provided.

If this ordinance is enacted, an independent power producer (IPP) will be eligible for a tax exemption for up to 15 years. The exemption would provide for a full exemption up to the amount required by AS 14.17.410(b)(2) (2.65 mills) and shall not include taxes levied for special services in a service area. It is in the public's interest to encourage continued development, construction, and economic opportunities by encouraging new industry to initiate impactful projects on the Kenai Peninsula.

Your consideration of this ordinance is appreciated.