



## CITY OF WASILLA

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### COUNCIL MEMORANDUM NO. 90-05

FROM: Deputy Administrator

DATE: December 29, 1989


RE: Proposed Ordinance 90-2

In 1989 a State law was enacted that allows municipalities to defer or exempt real or personal property taxes as an incentive to attract economic development activities.

Wasilla should be in a position to offer private enterprise assistance and encouragement at the discretion of the City Council. The proposed ordinance may be useful in encouraging annexation of property with businesses adjacent to the City boundary, or to encourage new economic activities to locate within the City.

The proposed ordinance would enable deferral or exemption of City imposed taxes and would not affect Borough areawide tax levies.

Recommend that Ordinance Serial No. 90-02 be introduced for public hearing.

  
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Robert E. Harris  
Deputy Administrator

AN ACT

Relating to an optional exemption from, and deferral of payment of, municipal taxes on economic development property, and to an optional exemption from municipal taxes on inventories intended for export outside the state.

\* Section 1. AS 29.45.050 is amended by adding new subsections to read:

(m) A municipality may by ordinance partially or totally exempt all or some types of economic development property from taxation for 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 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ordinance made available at a public hearing on it contain written notice that the ordinance, if adopted, may be repealed by the voters through referendum.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 - 1629e (Alaska Native Claims Settlement Act), that

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

(2) is used in a trade or business in a way that (A) creates employment in the municipality;

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

(C) materially reduces the importation of goods or services from outside the municipality; 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.

(n) A municipality may by ordinance classify as to type inventories intended for export outside the state and partially or totally exempt all or some types of those inventories from taxation. A municipality that is a school district may, under this subsection, 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 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. The ordinance may provide for different levels of exemption for different

classifications of inventories. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application for each exemption.