

**An Ordinance of the Haines Borough amending Haines Borough Code Title 3, Chapter 70, Section 40 to establish a procedure for community purpose exemptions.**

BE IT ENACTED BY THE HAINES BOROUGH ASSEMBLY:

Section 1. Classification. This ordinance is of a general and permanent nature and the adopted amendments shall become a part of the Haines Borough Code.

Section 2. Effective Date. This ordinance is effective upon adoption.

Section 3. Amendment of Section 3.70.040 Section 3.70.040 of the Haines Borough Code is hereby amended to read as follows:

NOTE: **Bolded/UNDERLINED** ITEMS ARE TO BE ADDED  
~~STRIKETHROUGH~~ ITEMS ARE DELETED

**3.70.040 Local exemptions and exclusions.**

A. The following property is exempt from general taxation:

1. Business inventory and items held for resale;
2. All motor vehicles which are subject to the motor vehicle registration tax described in Chapter 3.85 HBC.

B. The assembly may by ordinance exempt or partially exempt from taxation privately owned land, wetland and water areas for which a scenic, conservation, or public recreation use easement is granted to the borough. To be eligible for a tax exemption, or partial exemption, the easement must be in perpetuity. However, the easement is automatically terminated before an eminent domain taking of fee simple title or less than fee simple title to the property, so that the property owner is compensated at a rate that does not reflect the easement grant.

C. The increase in assessed value of improvements to real property shall be exempt from taxation if an increase in assessed value is directly attributable to alteration of the natural features of the land or to new maintenance, repair or renovation of an existing structure, and if the alteration, maintenance, repair, or renovation, when completed, enhances the exterior appearance or aesthetic quality of the land or structure.

An exemption may not be allowed under this subsection for the construction of an improvement to a structure if the principal purpose of the improvement is to increase the amount of space of occupancy or nonresidential use in the structure or for the alteration of land as a consequence of construction activity. An exemption provided in this subsection shall continue for four years from the date the improvement is completed, or from the date of approval for the exemption by the assessor, whichever is later.

~~D. Pursuant to AS 29.45.050(b)(1)(A), the below listed properties shall remain exempt from property taxation so long as they remain the property of their present owners (organizations not organized for business or profitmaking purposes) and so long as they remain used exclusively for community purposes:~~

~~1. Southeast Alaska Fairgrounds: that area containing 42 acres, more or less, in USS 735, currently owned by Southeast Alaska State Fair, Inc.;~~

~~2. Port Chilkoot Parade Ground, currently owned by Alaska Indian Arts, Inc., that area surrounding Block G, Port Chilkoot Subdivision, containing 7.58 acres, more or less, not used for commercial purposes;~~

3. Land and improvements situated on Lots 1 through 7, Block O, Presbyterian Mission Subdivision, currently owned by the American Bald Eagle Foundation;

4. Land and improvements situated on Small Tracts Road, specifically the north 300 feet of the west 100 feet of Lot 40, Section 2, Township 31 South, Range 59 East, of the Copper River Meridian, currently owned by the Haines Animal Rescue Kennel;

5. Charles Anway Cabin: land and improvements situated on Lot 2C within the resubdivision of Lot 2, Meacock Subdivision within Survey 206 currently owned by the Chilkat Valley Historical Society;

6. Land and improvements situated on Lots 1 through 5, Block 12, and Lots 5 through 8, Block 6, Townsite, currently owned by Takshanuk Watershed Council.

**D. Community purpose exemption. The borough exempts from taxation the real property of an organization not organized for business or profit-making purposes and used exclusively for community purposes, provided that income derived from rental of that property does not exceed the actual cost to the owner of the use by the renter.**

**1. In order to determine that a property qualifies for this exemption, the borough may consider various factors including, but not limited to:**

**a. The property's availability to public use regardless of sex, race, creed, color, sexual orientation, or national origin;**

**b. That the applicant organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, as amended from time to time; and**

**c. Whether any part of the net earnings of the applicant inures to the benefit of any private entity or individual;**

**d. No evidence of a dominant financial motive such as excessive charges, excessive employee compensation, or rental income that exceeds operating expenses;**

**e. No evidence that the property is being used to financially benefit any officer, trustee, director, shareholder, member, or contributor, of the applicant;**

**f. Ensuring that the property is used for the actual operation of at least one community activity;**

**g. That the fees and charges for the use of such property and facilities thereon do not effectively deny to a significant portion of the borough the privileges and benefits provided by the property;**

**h. Determining that the applicant organization is governed by a volunteer board of directors;**

**i. The benefits provided to the community by the organization warrant the value of the exemption**

**j. Considering whether substantially similar community benefits are available through other entities; and**

**k. Considering the degree to which the organization's use of the property impacts the quality of life of borough residents.**

**The borough administration may adopt a written policy setting forth additional community purpose standards and requirements, including standards and requirements applicable to housing serving a community purpose. Such written policy will be approved by the Borough Assembly via resolution.**

**2. A property may be apportioned into community-purpose and non-community-purpose areas in order to calculate a partial exemption if appropriate. Only**

**that portion of the property that is actually used exclusively for the purpose of providing a benefit to the community is eligible for the exemption.**

**3. The assessor may disregard insignificant non-community purpose use.**

**4. "Actual cost to the owner" shall include any costs that, in the judgment of the borough assessor, the owner incurred in its calendar or fiscal year for the purpose of renting the property. The borough administration may adopt a written policy setting forth specific costs that may and may not be considered. Such policy will be approved by the assembly via resolution.**

**5. An exemption may be granted under this subsection upon written application on a form provided by the borough assessor. The assessor shall require proof as necessary, and may require additional proof under this section at any time. If the applicant fails to respond to a request for additional proof, the failure may be considered in determining whether to grant the exemption.**

**a. The claimant must file the application no later than March 31st of the assessment year for which the exemption is sought with a January 1 Tax Day. Once approved, claimants retain the exemption for a period of three years and must submit annual validation statements to the assessor no later than March 31st of each year in which the exemption remains valid. The claimant must file a separate application by March 31 in the year in which an exemption expires. Subsequent applications in which there are no substantive changes can be approved by the Assessor.**

**b. For the calendar year in which this Ordinance is passed claimants will have until 60 days after the adoption of this Ordinance to file an application. Organizations that have an exemption granted under the prior standard will retain their exemption for tax year 2015 but will be required to submit an application beginning with tax year 2016.**

**c. Upon receipt of an application the borough assessor shall evaluate the request and recommend within 30 Borough business days that the Borough assembly grant or deny the exemption and specify his reasons for recommending or not recommending the exemption. The assessor shall then forward the application to the assembly for action.**

**6. If approved by the Assembly, the assessor shall allow an exemption in accordance with the provisions of this section. If the claimant has already paid taxes for that year prior to approval of a timely application, the exempted tax amount, without interest, shall be refunded to the claimant.**

**7. A person may appeal the denial or approval of an exemption granted under this subsection to Superior Court.**

E. The borough exempts from taxation an interest, other than record ownership, in real property of an individual residing in the property if the property has been developed, improved, or acquired with federal funds for low-income housing and is owned or managed as low-income housing by the Alaska Housing Finance Corporation under AS 18.55.100 through 18.55.960 or a regional housing authority formed under AS 18.55.996.

F. Any firm that begins operation after July 1, 1986, in the Haines Borough to process timber after it has been delivered to the processing site, if the firm has a yearly payroll of at least \$250,000, shall have 75 percent of the real property exempted from taxation for a period of five years.

G. Land and improvements situated on Lots 17, 19, 22, 23, and 24, Block F, Mission Subdivision, owned by Haines Senior Citizens' Center, Inc.

~~H. Land and improvements in the SE1/4, SE1/4, Section 22, T28S, R55E, CRM, managed by Klehini Valley Sports and Recreation. This exemption shall require a review on a yearly basis and becomes void if property is not used exclusively for nonprofit recreation.~~

I.F. Hardship Exemption. That portion of the property tax levied on the residence of a qualified senior citizen or disabled veteran who applies for the exemption and meets the standards set forth in 3 AAC 135.040(b) and (c), which exceeds two percent of their gross household income.

1. In order to qualify for this exemption, the applicant must:

a. Have gross family income, from all sources in the prior year, which does not exceed 135 percent of the poverty guideline as established by the United States Department of Health and Human Services for a similar sized household in the state of Alaska for the year requested;

b. Be eligible for a permanent fund dividend under AS 43.23.005 for the same year or for the immediately preceding year;

c. Not own more than one parcel of real property in Alaska on the date of application, excluding an adjacent parcel that is necessary for the use of the primary residence; and

d. Have net worth as of the date of application of less than \$250,000 including the first \$150,000 of the market value of the principal residence of the applicant.

2. This exemption will be apportioned in the same manner and formula as applied to the standard senior citizen/disabled veteran exemption previously granted.

3. An exemption may not be granted under this subsection except upon written application for the exemption on a form provided by the borough assessor. The applicant must also submit an affidavit, supplied by the borough, attesting that the applicant meets the subscribed criteria. The assessor shall require proof, in the form the assessor considers necessary, of the right to and amount of an exemption claimed under this subsection, and shall require a disabled veteran claiming an exemption to provide evidence of disability rating. The assessor may require additional proof under this section at any time. If the applicant fails to respond to a request for additional proof, such failure may be considered by the assessor in determining whether to grant the exemption.

4. The claimant must file the application no later than March 31st of the assessment year for which the exemption is sought. The claimant must file a separate application for each assessment year in which the exemption is sought.

5. If an application is filed by the deadline, and approved by the assessor, the assessor shall allow an exemption in accordance with the provisions of this section. If the claimant has already paid taxes for that year prior to approval of a timely application, the exempted tax amount shall be refunded to the claimant.

6. If an otherwise qualified claimant is unable to comply with the March 31st application filing deadline, the claimant may submit an application to the assessor's office for review by the assembly. If the claimant has submitted a valid application, the assembly may, by resolution, waive the claimant's failure to file the application by the March 31st deadline, and authorize the assessor to accept the application as if timely filed. For purposes of this subsection, an inability to comply must be caused by a serious medical condition of the applicant or member of the applicant's family, or an extraordinary event beyond the claimant's control. No late applications can be submitted after November 1st of the qualifying year. This section does not create any private rights whatsoever, nor does it in any manner require the assembly to introduce or adopt any such resolution.

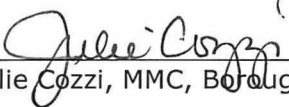
7. Upon receipt of the completed application, any additional proof required, and affidavit, the borough assessor shall evaluate the request and grant or deny the hardship

exemption within 15 borough business days. If denied, the borough assessor shall specify the reasons for the denial.

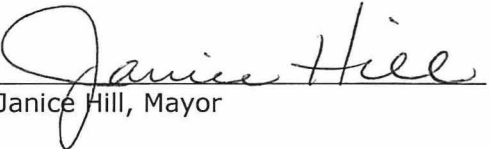
8. A person may appeal the apportionment of a hardship exemption granted under this chapter or a denial of an application to the board of equalization in accordance with HBC 3.72.100 through 3.72.120.

ADOPTED BY A DULY CONSTITUTED QUORUM OF THE HAINES BOROUGH ASSEMBLY THIS 26th DAY OF MAY, 2015.

ATTEST:

  
Julie Cozzi, MMC, Borough Clerk



  
Janice Hill, Mayor

Date Introduced:	02/24/15
Date of First Public Hearing:	03/10/15
Date of Second Public Hearing:	04/28/15
Date of Third Public Hearing:	05/26/15 - Adopted