

From: [George Campbell](#)
To: [Julie Cozzi](#)
Cc: [Jan Hill](#); [Debra Schnabel](#)
Subject: Commerce committee
Date: Tuesday, January 19, 2016 2:27:48 PM
Attachments: [IncentiveProposalHeatherRewrite.pdf](#)

Commerce committee met on Monday, January 18th.

Present were assembly members: T. Gregg, M. Friedenauer, G. Campbell

Community members: Karen Garcia (CVN) Paul Wheeler, Jeanie Kitiamo, Deborah Schnabel (representing the Chamber of Commerce), and Heather (last name?) from the Port Chilkoot Distillery.

The Chamber had a proposed suggestion for the tax incentive program and presented it.

All participants were involved in a round table type discussion on the proposal and tax incentive. Some questions for later date were asked also.

Here are some of the talking points:

There are issues with some business types being seasonal- should they be included?

There needs to be an application process developed by the Borough

A set time frame needs to be included in the ordinance to identify allowed timeframe between investment and application for relief

Authority to approve needs to be established in a manner that allows all decisions to be on equal terms

All development must meet zoning for their purpose

The incentive should be used to encourage expansion where there is a need, and new types of businesses

There was discussion about certain zones having more incentive, and that relief would only be available from additional tax fees incurred due to business investment, (increased value of a property from investment and expansion of buildings).

M. Friedenauer and D. Schnabel are planning on writing this in ordinance form early next week, to present it at a Committee meeting on Wed. Jan 27th for more review. The desire is to have this on the agenda the first assembly meeting of February.

Please see the enclosed proposal from the chamber

George Campbell
Chair, Commerce Committee

PROPOSED INVESTMENT INCENTIVE POLICY:
Property TAX-PHASE-IN for Economic Development
Presented by the Haines Chamber of Commerce to
Commerce Committee, Haines Borough; George Campbell, Chair

PURPOSE

The desired result of the Property Tax Phase-in Policy is to attract, retain, expand and relocate targeted business investment to support economic development in the Haines Borough. The policy demonstrates a commitment to support for under-represented business types, small and start-up businesses. The policy further encourages rational community development by offering incentives for business location within specified zones within the Borough.

TARGETED BUSINESSES

Targeted business categories are manufacturing, processing, advanced technology, tourism and entertainment.

- Manufacturing: Fabricating, or the process of converting raw materials, components, or parts into finished goods that meet a customer's expectations or specifications. Often on a large scale, using machinery and division of labor.
- Processing: Movement of data or material towards a known goal or end result, by passing it through a series of stages or a sequence of actions
- Advanced technology: Activity that depends upon advanced scientific knowledge, computer software, communications technology or biotechnology.
- Tourism and Entertainment: sustainable commercial activities that attract visitors to Haines and/or contribute to residents' recreational opportunities.

POLICY

Upon meeting eligibility and performance requirements of the tax exemption policy, a business that locates to, relocates, or expands facilities within the Haines Borough may receive an exemption from property tax assessment in accordance with the regressive schedule outlined in this policy.

Exemption from property tax assessment shall be assigned to applicants based on eligibility as a percent of the value of real estate improvements consisting of new construction, renovation of facilities, and/or equipment in excess of \$100,000. A regressive schedule of exemption may: continue up to five years for an investment greater than \$1,000,000; shall not exceed three years for an investment of \$300,000 to \$1,000,000; shall not exceed two years for an investment of \$100,000 - \$299,999.

An eligible business' rate of exemption may include consideration of the value of added payroll generated in the borough and the location of the real estate improvements. The rate of exemption may be amended or updated by resolution adopted following a public hearing by the Haines Borough Assembly. Amendments may be requested by application.

- A “five year schedule” base exemption shall regress 80%, 60%, 40%, 20%, 20%
- A “three year schedule” base exemption shall regress 50%, 30%, 20%
- A “two year schedule” base exemption shall regress 50%, 25%
- Payroll in excess of \$50,000 per annum may, by application and amendment as provided, activate an additional 10% exemption per year through the approved exemption period.
- Location of the investment shall activate additional waivers as follows:
 - Downtown (per zoning boundary identified by the Downtown Revitalization Committee): 10%
 - Peripheral Downtown (two blocks surrounding the Downtown district): 5%
 - Ft. Seward: 10%
 - Lutak Industrial Zone: 5%

PERFORMANCE REQUIREMENTS

An eligible business may not receive a tax phase-in exemption benefit until it has met all of the eligibility requirements and conditions applied to the incentive.

ELIGIBILITY REQUIREMENTS

To be eligible for an incentive, the applicant must:

- (a) be a business entity registered with the State of Alaska; and
- (b) be approved by the Borough as a target business in the application process; and
- (c) account for a minimum investment of \$100,000 in real estate improvements, facilities and/or equipment (note: real estate or land purchase/acquisition alone is not eligible); and
- (d) demonstrate an equity level of at least 50% ; and
- (e) possess a realistic and acceptable business plan that includes a market analysis and financial forecasts for a minimum of three years; and
- (f) IF the application involves an activity which is in competition to, is like or is the same as any existing business in the Haines Borough, that applicant must demonstrate that the market is sufficiently large or capable of being expanded to the point that both the applicant and existing business will be and remain viable; and
- (g) IF the application involves consideration of payroll, it shall be so in the second and subsequent years if applicable, to be validated by submission of federal payroll tax report forms.

APPLICATION PROCESS

From: [George Campbell](#)
To: [Julie Cozzi](#)
Cc: [DG AssemblyMayor](#); [Brad Ryan](#)
Subject: Commerce comm. today
Date: Wednesday, January 27, 2016 7:50:07 PM

Meeting was attended by T. Gregg, M. Friedenauer, G. Campbell and My. Case of the assembly. Others were Debra Schnable of the chamber, Paul and Jeannie from the brewery, Khns, Carol Tynman.

Continued discussion on the tax incentive, including state laws and how to make our code meet that code. Some more discussion on the boundary lines for zones, and how the use of zones could help meet state laws.

Planing a short review next Tuesday at the beginning of the meeting with the intent of final draft at next meeting.

Sent from my iPad

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PROPOSED INVESTMENT INCENTIVE POLICY:
Property TAX-PHASE-IN for Economic Development
Presented by the Haines Chamber of Commerce to
Commerce Committee, Haines Borough; George Campbell, Chair

PURPOSE

The desired result of the Property Tax Phase-in Policy is to attract, retain, expand and relocate business investment that supports economic development in the Haines Borough.

ECONOMIC DEVELOPMENT PROPERTY

Economic Development Property is a capital investment that meets one or more of the following criteria:

- maintains, repairs or renovates an existing structure not less than 15 years of age to enhance the exterior appearance or aesthetic quality and does not substantially increase space for occupancy;
- has not previously been taxed as real property by the Haines Borough;
- creates employment in the Haines Borough;
- generates products primarily for export or services for use outside of the community; or
- materially reduces importation of goods or services from outside the Haines Borough;

And

- supports or houses manufacturing, processing, advanced technology, tourism, entertainment and commercial retail activities.
- Manufacturing: Fabricating, or the process of converting raw materials, components, or parts into finished goods that meet a customer's expectations or specifications. Often on a large scale, using machinery and division of labor.
- Processing: Movement of data or material towards a known goal or end result, by passing it through a series of stages or a sequence of actions
- Advanced technology: Activity that depends upon advanced scientific knowledge, computer software, communications technology or biotechnology.
- Tourism, Entertainment and Commercial retail: sustainable commercial activities that attract visitors to Haines and/or contribute to residents' quality of life.

POLICY

Upon meeting eligibility and performance requirements of the Property tax phase-in policy, a business that meets the definition of an economic development property and locates to, relocates, or expands facilities within the Haines Borough may receive an exemption from property tax assessment in accordance with the regressive schedule outlined in this policy.

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Exemption from property tax assessment shall be assigned to applicants based on eligibility as a percent of the value of real estate and associated improvements consisting of a minimum investment of \$100,000. A regressive schedule of exemption shall not exceed three years.

An eligible applicants' rate of exemption may include consideration of the value of added payroll generated in the borough and the location of the real estate improvements. The rate of exemption may be amended or updated by resolution adopted following a public hearing by the Haines Borough Assembly. Amendments may be requested by application.

- A three year schedule base exemption shall regress 50%, 30%, 20%
- Payroll in excess of \$50,000 per annum may, by application and amendment as provided, activate an additional 10% exemption per year through the approved exemption period.
- Location of the investment shall activate additional waivers as follows:
 - Downtown (described in Appendix): 10%
 - Peripheral Downtown (two blocks surrounding Downtown): 5%
 - Ft. Seward: 10%
 - Lutak Industrial Zone: 5%

A Schedule for an accepted Tax Phase In program begins in the first year of construction regardless of the Percent Complete of Construction.

PERFORMANCE REQUIREMENTS

A participant in a tax phase-in exemption program must meet all of the eligibility requirements and conditions applied to the incentive.

ELIGIBILITY REQUIREMENTS

To be eligible for a property tax phase-in exemption program, the applicant must:

- be a business entity registered with the State of Alaska; and
- be approved by the Borough as an Economic Development Property during the application process; and
- account for a minimum investment of \$100,000 in real estate improvements, (note: real estate or land purchase/acquisition alone is not eligible); and
- Comply with zoning ordinances of the Haines Borough; and
- IF the application involves an activity which is in competition to, is like or is the same as any existing business in the Haines Borough, that applicant must demonstrate that the market is sufficiently large or capable of being expanded to the point that both the applicant and existing business will be and remain viable; and
- IF the application involves consideration of payroll, it shall be so in the second and subsequent years if applicable, to be validated by submission of federal payroll tax report forms.

APPLICATION PROCESS

To be eligible for property tax phase-in exemption program, an applicant must

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- Notify the Haines Borough of intention to qualify on a form provided by the Borough and submitted with a construction declaration, land use permit or building permit; and
- Must make application on forms provided by the Borough prior to the succeeding January 1.

AUTHORITY

Alaska Statute AS.29.45.050 provides for this policy, and describes the limitations herein. Specifically, paragraphs (f), (j), (m) and (o).

The Haines Borough Assembly has sole authority to adopt, amend and suspend the Tax Phase-In Policy including the authority to define its goals and determine eligibility of participants.

The Haines Borough Assembly, acting as the Board of Equalization, has sole authority to establish the assessed value of an applicant property.

The Haines Borough Planning Commission has sole authority to zone as provided for in Code.

The Haines Borough Administration has sole authority to administer the Tax-Phase-in Policy.

Administration includes

- Promulgating official forms that effect application, assessment and performance review
- Evaluating and approving applicants for participation in the plan
- Assessing the value of participant property
- Recording schedule agreements of participants

APPENDIX: LOCATION

The boundaries of "Downtown" are:

- Eastern boundary: Front Street from the south side of Dalton Street to the intersection of a line created by extending the platted position of Willard Street to Front Street.
- Western boundary: Sixth Avenue from Dalton Street (north) to the intersection of a line created by extending the platted position of Willard Street to Sixth Avenue.
- Northern Boundary: Dalton Street (south) from Front Street in the East to Sixth Avenue in the West.
- Southern Boundary: a line drawn from the platted position of Willard Street intersecting Front St. on the east and Sixth Ave. on the west.

Fort Seward: the exact boundaries designated as a national landmark and certified by the USNPS in 1978 under authority of the Historic Sites Act of 1935.

Lutak: The Lutak Industrial Area zone designated by the Haines Borough.

Commerce committee meeting summary for February 2, 2016

Attended:

Members M. Friedenauer, G. Campbell
Assembly members Case, Lapham
Employee Leslie Ross
Mike Eberhardt Park Superintendent, Bill Thomas, Albert Kookesh-
Governor's office, all by phone
Sean Gaffney, Park Ranger Travis Russell, Trooper Neason, Bear Foundation
Shannon Donahue and Pam Randles, Debra Schanbel (chamber), Jeanie
Kitayama
Reporters: Karen Garcia, Emily Files

Began discussion to review edits of the Property Tax incentive program. Further changes suggested. Please see other breakdown and emails for detail on that discussion.

Chilkoot Lake road discussion

The road ownership has transferred from DOT to DNR, and Parks will be managing. Park's regulations now apply.

The improvement project, funded 4 years ago, is on hold until final contract documents can be finished, and the construction can be completed with minimal disturbance to the public activities, timing is the issue.

Note that the plans have been set aside waiting a few years for the DOT DNR discussion to be resolved, it is presently not the top priority for the Park's Statewide folks; Director Ben Ellis is the person to contact on this issue.

Mr. Eberhardt stated that the road will be treated like a highway for public access. Only for safety will it be closed. He stated he cannot think of a time in the past in which any situation would have qualified the required level to close the road.

Parks does not have money to increase staff to add a bear monitor
Leslie Ross, Director of Tourism and Sean Gaffney brought up questions as to the possibility if the position was borough funded, and stated that TAB is working on this suggestion.

Campbell moved for the recommend to the assembly to have Mr. Thomas work towards getting the improvements moved to the top of Parks priorities, Friedenauer seconded, both voted yes.

Trooper Neason announced that Haines will have a Wildlife Trooper stationed here May 1st.