

An Ordinance of the Haines Borough Amending Title 3 Revenue and Finance , Chapter 3.70 Property Tax Levy , Providing for the Addition of Section 3.70.040 Tax Exemption for Subdivision Improvements.

WHEREAS, the Haines Borough would like to incentivize the development of housing developments in the Haines Borough; and

WHEREAS, Alaska State Statute allows a municipality to provide such development incentives; and

WHEREAS, the Haines Borough wishes to exercise the authority granted to it by AS 29.45.050(m) and (W) to provide tax exemption for certain subdivided property; and

WHEREAS, the qualifications for and limitations of the exemption must be codified.

BE IT ENACTED BY THE HAINES BOROUGH ASSEMBLY:

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

Section 2. Severability. If any provision of this ordinance or any application thereof to any person or circumstance is held to be invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected thereby.

Section 3. Effective Date. This ordinance is effective upon adoption.

Section 4. Amendment of Section 3.70.040 (C). Haines Borough Code 3.70.040(C) is amended, as follows:

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

3.70.040 Local exemptions and exclusions.

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C. Temporary Exemption for Improvements. The increase in assessed value of improvements to real property shall be **temporarily** exempt from taxation if an increase in assessed value is directly attributable to either:

1. An 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; **or**

2. Improvements made for the development of a subdivision of a single parcel of property into three or more lots which adhere to the long plat requirements. An exemption from taxation allowed under this section shall be limited to a maximum of five years. The exemption is terminated immediately for each lot upon sale of the lot in the subdivision, or when a residential or commercial building is built on the lot in the subdivision. The exemption continues for the unsold, undeveloped lots in the subdivision for a maximum of five years; or

3. Improvements made for economic development purposes.

A. The exemption for economic development purposes must provide economic benefit to the borough; and

i) The exemption will provide measurable public benefits commensurate with the level of incentive granted; and

ii) The property owner is in compliance with all Alaska municipal and state of Alaska tax obligations; and

iii) The location of the trade, industry or business is compatible with land use and development plans of the borough; and

iv) The exemption is necessary to allow adequate time for improvements to be completed.

B. For purposes of this section, "economic development property" means real or personal property, including developed property conveyed under 43 USC 1601 through 1629e (Alaska Native Claims Settlement Act), to which one or more of the following apply:

i) Has not previously been taxed as real or personal property by the borough.

ii) Is used in a trade or business in a way that:

a) Creates employment in the borough; or

b) 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 borough.

iii) An exemption on the property enables a significant capital investment in physical infrastructure that:

a. Expands the tax base of the municipality; and

b. Will generate property tax revenue after the exemption expires.

iv) 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.

C. The exemption for improvements made for economic development purposes is limited to a maximum of 10 years.

D. Application. A completed borough-approved application must be submitted by the property owner prior to submission of a final plat. Applications submitted after construction begins shall be rejected. Applications for an exemption under this section must be addressed to the assessor. The assessor must forward a completed application to the clerk with a recommendation for approval or denial within 14 days of receipt. If the assessor recommends approval, the clerk shall prepare an ordinance for placement on the next agenda. In addition to any information required by the assessor, the application shall contain:

i) A map or other proof that the entire property is within the Haines Borough boundary;

ii) Documents describing how the investment will create employment in the Borough, expand the tax base of the Borough; and how it will generate property tax revenue after the exemption expires;

iii) A review by the Borough Planning Commission;

iv) An acknowledgement by the applicant that the parcels will be taxable when the parcels are no longer eligible for tax exemption under this chapter.

E. This exemption may be repealed by the voters through referendum.

ADOPTED BY A DULY CONSTITUTED QUORUM OF THE HAINES BOROUGH ASSEMBLY THIS 8th DAY OF MARCH, 2022.

ATTEST:



Alekka Fullerton, CMC, Borough Clerk




Douglas Olerud, Mayor

Date Introduced: 1/25/22
Date of First Public Hearing: 2/8/22
Date of Second Public Hearing: 2/22/22
Date of Third Public Hearing: 3/08/22- adopted