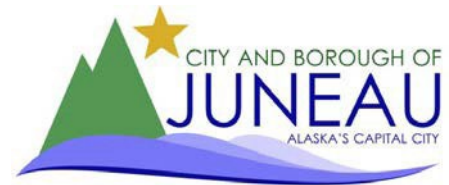


# MEMORANDUM

**DATE:** January 27, 2025  
**TO:** Assembly Finance Committee  
**FROM:** Law Department  
**SUBJECT:** Ordinance 2025-09, Section 6



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Section 6 of Ordinance 2025-09 amends the CBJC 69.10.023 related to property tax incentives for economic development property.

SB 179, Section 3 amends AS 29.45.050(m) by removing the limitation on exempting all taxes including the local contribution under AS 14.17.410(b)(2).

\* **Sec. 3.** AS 29.45.050(m) is amended to read:

(m) A municipality may by ordinance partially or totally exempt all or some types of economic development property from taxation for a designated period. [EXCEPT AS OTHERWISE PROVIDED BY AN ORDINANCE ENACTED BY THE MUNICIPALITY BEFORE 1 JANUARY 1, 2017, 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'S REQUIRED LOCAL CONTRIBUTION UNDER AS 14.17.410(b)(2).] A municipality may by ordinance permit deferral of payment of taxes on all or some types of economic development property for a designated period. A municipality may apply an exemption or deferral under this subsection to taxes levied for special services in a service area that is supervised by an elected service area board under AS 29.35.460 unless the elected service area board objects to the exemption or deferral by resolution adopted not later than 60 days after the effective date of the municipal ordinance enacting the tax exemption or deferral. 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ordinance made available at a public hearing on it contain written notice that the ordinance, if adopted, may be repealed by the voters through referendum.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.

The current version of Ordinance 2025-09 removes the language that is in all caps from CBJC 69.10.023(g) limiting the exemption to only those taxes above the school district's required local contribution under AS 17.17.410(b)(2). However, SB 179 does not mandate that removal. It does not require that all taxes be exempted; it does not require the school district's required local contribution be exempted. Therefore, the Law Department has provided an alternative amendment to CBJC 69.10.023(g), attached, which provides no change to CBJC 69.10.023(g) such that the total potential exemption shall not reduce the amount of taxes below the amount levied on other property for the school district's required local contribution.