

CODE ORDINANCE

Sponsored by: Borough Manager

Introduced: 04/16/24

Removed from the agenda at approval of the
agenda and no public hearing held: 05/07/24

**MATANUSKA-SUSITNA BOROUGH
ORDINANCE SERIAL NO. 24-049**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY ADOPTING A SUBSECTION TO MSB 3.15.035 OPTIONAL EXEMPTIONS PROVIDING A TAX EXEMPTION FOR PROPERTY THAT CREATES ECONOMIC DEVELOPMENT WITHIN THE BOROUGH AND REPEALING TITLE 26. ECONOMIC DEVELOPMENT.

WHEREAS, state law governs the Borough's ability to grant property tax exemptions;

WHEREAS, Alaska Statute 29.45.050(m) permits municipalities to partially or totally exempt all or some types of economic development property from property taxes;

WHEREAS, by providing tax incentives, the Borough seeks to encourage the development of businesses on municipal or state property at airports in the Borough;

WHEREAS, by incentivizing economic development in the form of municipal airport businesses, the tax exemption should both expand the tax base of the Borough, generate tax revenue after the exemption expires, and create jobs;

BE IT ENACTED:

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

Section 2. Adopting subsection. MSB 3.15.035(I) is hereby adopted to read as follows:

3.15.035 OPTIONAL EXEMPTIONS

. . .

(I) The assessor may, upon proper application, classify and exempt from taxation an interest in real property of an organization on which economic development has occurred.

(1) The amount of the tax exemption shall be the amount levied in excess of the local minimum contribution for education under AS 14.17.410(b)(2).

(2) This exemption may be granted for up to five years.

(3) The exemption shall be granted if the owner/ lease holder has applied to the Borough Assessor and meets the following criteria:

a. The organization is seeking an exemption for development located on municipal or state airport property.

b. The organization seeking the exemption has not operated in the same trade or business in the Borough, on that municipal or state airport property before the application for exemption is filed;

c. The owner seeking the exemption:

i. Entered into a new lease, or extended a current lease, prior to January 1st of the calendar year for property within a municipal or state airport property for a period of five years; and

ii. Owns, occupies, and operates the improvements supporting the business.

d. The organization seeking the exemption is responsible for the construction of improvements to the property which increase the full and true value of a new or existing structure built on the real property of at least \$150,000.

Section 3. Repeal of Title 26: Economic Development

(See IM 24-087).

Section 4. Effective date. This ordinance shall take effect upon adoption.