

## Sponsor Statement for House Bill 389

# Municipal Tax Exemption Deteriorated Properties

***“An Act changing the date of repeal of a provision authorizing an exemption from and deferral of municipal property taxes on certain types of deteriorated property; and providing for an effective date.”***

[Alaska Statute 29.45.050](#) allows municipalities to exempt certain properties from property taxes. Historical sites, non-profit organization properties, and student housing are examples of allowed exemptions.

AS 29.45.050(o) allows municipalities to exempt deteriorated properties once substantial rehabilitation improvements have started. This concept is to encourage economic revitalization and increase a municipality’s tax base.

AS 29.45.050(o) sunsets July 1, 2002. [This bill](#) deletes the sunset clause.

There are many safeguards within the statute to protect the public from potential abuse of the tax exemption by individuals. In order to qualify for the tax exemption, several steps must be taken by the local governing body. The statute will still require that the “deteriorated property”

- (1) has been the subject of an order by a government agency requiring the property to be vacated, condemned, or demolished by reason of noncompliance with laws, ordinances, or regulations;
- (2) has a structure on it not less than 15 years of age that has undergone substantial rehabilitation, renovation, or replacement, subject to any conditions prescribed in the ordinance; or
- (3) is located in a deteriorating or deteriorated area with boundaries that have been determined by the municipality.