

CLERK'S OFFICE
AMENDED AND APPROVED
Date: 9-15-98

Submitted by: Assembly Member Wohlforth
Prepared by: Margaret J. Rawitz,
Hoge & Lekisch
For reading: September 15, 1998

ANCHORAGE, ALASKA
AO NO. 98-135(S-1)

AN ORDINANCE AMENDING AMC SECTIONS 12.35.005, 12.35.010 AND
12.35.025 AND PROVIDING FOR TAX EXEMPTION AND TAX DEFERRAL FOR
DETERIORATED PROPERTY.

THE ANCHORAGE ASSEMBLY ORDAINS

Section 1: AMC 12.35.005 is amended by adding the following new definitions to
read:

Deteriorated area means an area which meets one or more of the following criteria: unsafe, unsanitary or overcrowded buildings; vacant, overgrown and unsightly lots of ground; a disproportionate number of tax delinquent properties; excessive land coverage; ~~defective design or arrangement of buildings, street or lot layouts,~~ economically or socially undesirable land uses. Property adjacent to areas meeting these criteria, but which would not otherwise qualify, may be included within the deteriorated area designated if the Assembly determines that new construction on such property would encourage, enhance or accelerate improvement of the adjacent deteriorated properties.

Deteriorated property means real property that is commercial property not used for residential purposes or that is multi-unit residential property with at least eight residential units, that is located in a deteriorated area with boundaries that have been determined by the municipality after a public hearing and findings of fact by the Assembly establishing the deteriorated condition, and that

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; or

2) has a structure on it not less than 15 years of age that has undergone substantial rehabilitation, renovation, or replacement.

Rehabilitation means repair, replacement, construction or reconstruction, including alterations and additions, having the effect of rehabilitating a deteriorated property so that it becomes habitable or attains higher standards of safety, health, economic use or amenity, or is brought into compliance with laws, ordinances or regulations governing such standards. Ordinary upkeep and maintenance shall not be deemed

1 rehabilitation.

2
3 **Section 2:** AMC 2.35.010 is amended by adding the following new subsections
4 to read:

5 C. Deteriorated property shall be **partially** exempt from taxation under
6 chapter 12.15 for up to five years starting in the year beginning January 1
7 after

8 1) an application for exemption has been approved in accordance with
9 section 12.35.025, and

10 2) substantial completion or beneficial occupancy of the rehabilitation,
11 renovation or replacement.

12 D. Deteriorated property shall be subject to a deferral of payment of
13 taxes under chapter 12.15 for up to five years starting in the year beginning
14 January 1 after -expiration of any exemption in accordance with AMC
15 12.35.010(C).

16 E. Deferred taxes shall be assessed in the year of deferral in
17 accordance with chapter 12.15 and any appeal of an assessment of deferred
18 taxes shall be filed in accordance with AMC 12.05.055 within 30 days from
19 the date the assessment notice was mailed.

20 F. The deferral shall be effective until the ownership of the property
21 for which a deferral has been granted is transferred. Upon transfer of title,
22 all tax payments deferred under this subsection are immediately due and the
23 deferral ends, or, if ownership of only part of the property is transferred, all
24 tax payments attributable to that part are immediately due and the deferral
25 attributable to that part ends. This section does not apply to a lease of all or
26 part of the property.

27 G. Only one exemption and only one deferral may be granted to the
28 same property.

29 **Section 3:** AMC 12.35.025 is amended by deleting the bracketed portions and
30 adding the portions that are underlined, as follows:

31 **A.** Application to establish real or personal property as economic
32 development property or qualified inventory under this chapter shall be made
33 in writing to the chief fiscal officer or his designee. The application shall
34 contain:

- 35 1. A description of the property for which the application is made
36 and the business in which it is to be used;
37 2. A description of the employment and eligible jobs created or
38 sustained by the property;

3. Demonstration that the property meets the requirements of this chapter;
4. Evidence that an exemption is necessary to the operation of the business and the creation of employment or eligible jobs;
5. Financial statement of the applicant; and
6. Other information as may be required by the finance department.

B. Application for a tax exemption and tax deferral for deteriorated property under this chapter shall be made in writing to the chief fiscal officer or his designee. The application for tax exemption and deferral may be submitted and approved prior to the commencement of rehabilitation work. The application shall contain:

1. A description of the property for which the application is made;
2. Demonstration that the property meets the requirements of this chapter;
3. Other information as may be required by the finance department.

C[B]. The designee of the chief fiscal officer, which may be a contractor of the municipality, shall verify the eligibility for the application and shall submit it to the chief fiscal officer. The chief fiscal officer shall advise the mayor and the assembly as to the eligibility of the proposed exemption and deferral within 30 days after receiving the application from his designee or contractor. If the application is recommended for approval by the chief fiscal officer, a resolution may be submitted by the mayor to the assembly for action. If the application is denied by the chief fiscal officer or a resolution is not submitted by the mayor, the applicant may appeal directly to the assembly.

D[C]. The assembly may set a public hearing on an application recommended for approval by the mayor. The assembly may grant an exemption to the extent that the property is determined to be deteriorated property, economic development property or qualified inventory. The assembly shall make an effort to treat similarly situated deteriorated property, economic development property and qualified inventory in a reasonable and equitable manner as practicable.

E[D]. The grant or denial of an exemption and deferral by the assembly is a discretionary act which will not give rise to any claim against the municipality or its agents.

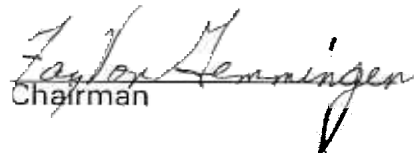
F[E]. The owner of economic development property or qualified inventory shall certify annually to the chief fiscal officer or his designee that the employment and number of eligible jobs upon which approval was granted, if any, remain in existence and that the property remains eligible for

1 exemption pursuant to this chapter. All books and records of the owner
2 shall be subject to the inspection of the chief fiscal officer for a period of
3 three years after the annual certification is made. If the property is
4 determined to be wholly or partially ineligible, the exemption or deferral shall
5 terminate to the extent of the deficiency, whether in eligible jobs or other
6 failed conditions, and all sums that would have been levied in that year shall
7 be due and payable to the municipality with interest, if any is due, as if such
8 property has been subject to regular taxation. Deficiencies in number of
9 eligible jobs shall be calculated on the basis of the exemption granted for
10 each eligible job. Other deficiencies shall be calculated based on that portion
11 of the tax year for which exemption was granted remaining at the time the
12 deficiency arose.

13 G[F]. The chief fiscal officer may, consistent with title 7, contract
14 with an entity to receive and review applications for tax exemption and
15 deferral and to verify annual certifications that economic development
16 property or qualified inventory remains eligible for exemption, pursuant to
17 this section. If such a contract is entered into, the chief fiscal officer shall
18 be deemed to have received the application for the purposes of subsection
19 C[B] of this section when he receives it from the contractor.

20 Section 4: This ordinance shall become effective immediately upon passage and
21 approval by the Anchorage Assembly.

22 PASSED AND APPROVED by the Anchorage Assembly this 15th day
23 of September, 1998.

24 
Chairman

25 ATTEST:

26 
Municipal Clerk

1 MUNICIPALITY OF ANCHORAGE

2 ASSEMBLY MEMORANDUM

3 NO. AM 918-98

4 Meeting Date: September 15, 1998

5 From: Assemblymember Wohlforth
6 Subject: Amending AMC to Provide Tax Exemption and Tax Referral for
7 Deteriorated Property

8 AO 98-135 (S-1) makes two changes to AO 98-135 (S) in response to concerns
9 raised by the administration.

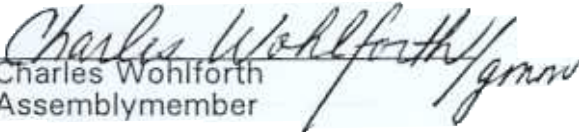
10 First, the word "partially" is added to Section 2, paragraph C, to make the
11 ordinance consistent with state law (HB 399).

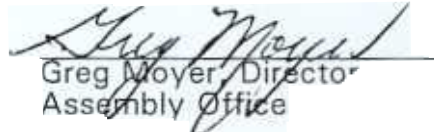
12 Second, a definition of "deteriorated area" has been added to Section 1 to provide
13 guidelines for the determination of what constitutes "deteriorated property" or a
14 deteriorated area. This will reduce the danger of unequal treatment and other
15 abuses. This definition is based on the definition found in Pennsylvania's Local
16 Economic Revitalization Tax Assistance Act.

17 Approval of this ordinance is recommended

18 Respectfully submitted:

19 Prepared by:

20 
21 Charles Wohlforth
22 Assemblymember

23 
24 Greg Moyer, Director
25 Assembly Office

26
27
28 AO 98-135 (S-1)