

1 See AO 98-135(S-1)  
2 as amended

Submitted by: Assemblymember WOHLFORTH

Prepared by: Assembly Office

For reading: July 21, 1998

ANCHORAGE, ALASKA

AO NO. 98- 135

AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AMENDING AMC  
SECTIONS 12.35.005, 12.35.010, AND 12.35.025 AND PROVIDING FOR TAX  
EXEMPTIONS AND TAX DEFERRAL FOR DETERIORATED PROPERTY

THE ANCHORAGE ASSEMBLY ORDAINS:

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

*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, 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;
- 2) has a structure on it not less than 15 years of age that has undergone substantial rehabilitation, renovation, or replacement; or
- 3) is located in a deteriorating or deteriorated area with boundaries that have been determined by the municipality.

*Rehabilitation* means repair, replacement, construction or reconstruction, including alterations and additions, having 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 rehabilitation.

**Section 2:** AMC 12.35.010 is amended by adding the following new subsections to read

- C. Deteriorated property shall be exempt from taxation under chapter 12.15 for five years starting in the year beginning January 1 after
- 1.) an application for exemption has been approved in accordance with section 12.35.025, and

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

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

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

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

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

**Section 3:** AMC 12.35.025 is amended to read as follows:

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

1. A description of the property for which the application is made and the business in which it is to be used;
2. A description of the employment and eligible jobs created or 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 exemption pursuant to this chapter. All books and records of the owner shall be subject to the inspection of the chief fiscal officer for a period of three years after the annual certification is made. If the property is determined to be wholly or partially ineligible, the exemption or deferral shall terminate to the extent of

1 the deficiency, whether in eligible jobs or other failed conditions, and all sums  
2 that would have been levied in that year shall be due and payable to the  
3 municipality with interest, if any is due, as if such property has been subject  
4 to regular taxation. Deficiencies in number of eligible jobs shall be calculated  
5 on the basis of the exemption granted for each eligible job. Other  
6 deficiencies shall be calculated based on that portion of the tax year for  
7 which exemption was granted remaining at the time the deficiency arose.

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

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17 **Section 4:** This ordinance shall become effective immediately upon passage and  
18 approval.

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20 PASSED AND APPROVED by the Anchorage Assembly this \_\_\_\_\_ day of  
21 \_\_\_\_\_, 1998.

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26 \_\_\_\_\_  
27 Chair

28 ATTEST:

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32 \_\_\_\_\_  
33 Municipal Clerk  
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