

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2011-23

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING SITKA GENERAL CODE CHAPTER 4.12.025 ENTITLED "EXEMPTIONS" TO CLARIFY MANDATORY AND OPTIONAL PROPERTY TAX EXEMPTIONS AND PROCEDURES

1. **CLASSIFICATION.** This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code ("SGC").
2. **SEVERABILITY.** If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstance shall not be affected.
3. **PURPOSE.** The purpose of this ordinance is to amend the property tax provisions at SGC 4.12.025 entitled "Exemptions." The amendments include:
 - Substitute "Assembly" for "Board of Equalization" regarding who reviews permissive property tax exemptions to adhere to relevant Alaska laws
 - Delete subsection F regarding deteriorated property optional exemption, which is no longer relevant
 - Reorganize this section to better distinguish between required and optional property tax exemptions, and delete redundant provisions
 - Better description of the procedures for applying for, granting and appealing the required and optional property tax exemptions
4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that SGC 4.12.025 entitled "Exemptions" is amended as follows (new language underlined; deleted language stricken):

4.12.025 Exemptions.

- A. The following property is exempt from general taxation: All properties required to be exempt from taxation underset forth in AS 29.45.030(a) ~~through (e) and (1)~~_; which are adopted and incorporated ~~herein~~ by reference.
- B. Required eExemptions shall be granted and claimed as set forth under the procedures in AS 29.45.030(f) ~~and (j)~~_; which are adopted and incorporated ~~herein~~ by reference.
- C. Definitions relating to required exemptions set forth in AS 29.45.030(i) ~~and (m)~~ are also adopted and incorporated ~~herein~~ by reference.

- ~~D. — If property, or an interest in property, is determined not to be exempt, under AS 29.45.030(a)(7), reverts to an undeveloped state, or the lease is terminated, the exemption shall be granted, subject to the provisions of AS 29.45.030(a)(7) and (m).~~
- DG. For all tax years beginning with the 2002 tax year, the senior citizen or disabled veteran required exemptions set forth in AS 29.45.030(e) and (f) may not be granted except upon written application on a form provided by the assessor. The application shall be filed by April 30th of each year. ~~The assembly for good cause shown may waive the claimant's failure to make timely application and authorize the assessor to accept the application as if timely filed. If a failure to timely file has been waived and the application approved, the amount of the tax that the claimant has already paid for the property exempted shall be refunded to the claimant.~~ A once qualified senior citizen or disabled veteran need not file the application for successive tax years but must notify the assessor of any change in ownership, residency, permanent place of abode or status of disability.
- E. The community purpose optional property tax exemption under AS 29.45.050(b)(1)(A) is adopted and incorporated by reference. All or a portion of the property of an organization not organized for business or profit making purposes and used exclusively for community purposes, may be exempted if income derived from rental of that property does not exceed the actual cost to the owner of the use by the renter.
- ~~F. Deteriorated property shall have a partial exemption. For purposes of this subsection, "deteriorated property" is commercial property, not used for residential purposes located in Sawmill Cove Industrial Park (as shown in Exhibit A to the ordinance codified in this subsection) that: (1) contains one or more structures at least fifteen years old of age that the owner or owners have arranged to spend at least two million dollars to rehabilitate, renovate, or replace; and (2) is dedicated for manufacturing or processing goods that are sold outside the city and borough. To qualify for this exemption, the arrangement for spending must be in the form of either executed financing document(s) or segregated escrow account(s) set aside for the completion of rehabilitation, renovation, or replacement no later than two years after January 1st of the first tax year for which the exemption is received. Any property owner desiring the benefit of this exemption for deteriorated property must apply in writing to the assessor by November 15th of the calendar year before the January 1st assessment date. For the first year for which an exemption has been applied for in which substantial rehabilitation, renovation, or replacement has occurred during the year immediately before the January 1st assessment date on any such structure as defined in this subsection, the tax rate shall be one-tenth of one percent (one mill), and it shall rise by one mill thereafter until it reaches five tenths of one percent (five mills) in the fifth year. No property shall receive the exemption described in this subsection for more than five years, and no property shall receive this~~

~~exemption or any particular rate under this exemption if the owner of such property has bargained away by contract the right to apply for such exemption or such rate. The city and borough's power to grant this exemption for deteriorated property expires at the close of business on December 31, 2001, pursuant to the repeal of the statutory authority effective January 1, 2002.~~

FH. Business property inventory that is subject to sale and is nonreal property shall be exempt from taxation, as an optional exemption as set forth in AS 29.45.050(c).

G. ~~Exemption~~ The application shall be filed by February 15th ~~April 30th~~ of each year. The assembly for good cause shown may waive the claimant's failure to make timely application and authorize the Assessor to accept the application as if timely filed. If a failure to timely file has been waived and the application approved, the amount of the tax that the claimant has already paid for the property exempted shall be refunded to the claimant.

H. Each optional exemption must receive prior approval by the Assembly, ~~board of equalization~~ giving consideration to the benefits provided the community by the organization and to the amount of property to be removed from the tax rolls.

In order to be considered a community service organization, an organization must:


1. Benefit a significant portion of the public; and
2. Not profit persons other than employees; and
3. Qualify for a federal income tax exemption under 26 USC 501.

I. Required property tax exemptions shall be granted or denied by the Assessor. Optional property exemptions shall be granted or denied by the Assembly. Any appeal from the final administrative decision by the Assessor or the Assembly must be filed within 30 days of the decision to the Alaska Superior Court at Sitka in accordance with Alaska Rules of Appellate Procedure.


J. The Assessor shall periodically review required and optional property exemption status to determine whether the taxpayer and use of the property still qualifies for the exemption.

5. **EFFECTIVE DATE.** This ordinance upon its passage shall become effective for the tax year beginning January 1, 2012.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 1 day of December, 2011.


Cheryl Westover
Mayor

ATTEST:


Colleen Ingman, MMC
Municipal Clerk

This ordinance was previously postponed in June on second reading to gather more related information.

2nd Reading 11-29 recessed until 12-1-11 when the ordinance passed.