

## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2018-40  
on second and final reading.

Note:

- On July 10, the Assembly approved a lease agreement between the Sitka Historical Society, Inc. and the City and Borough of Sitka. In addition, the Assembly directed staff to execute within the terms of the lease, a waiver of utilities and property taxes for a period of 24 months.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2018-40

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AUTHORIZING A PROPERTY TAX EXEMPTION THROUGH DECEMBER 31, 2020 FOR THE SITKA HISTORICAL SOCIETY, INC. IN THE LEASED PREMISES AT HARRIGAN CENTENNIAL HALL**

1. **CLASSIFICATION.** This ordinance is not of a permanent nature and is not intended to become a part of the Sitka General Code.

2. **SEVERABILITY.** If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person or circumstances shall not be affected thereby.

3. **PURPOSE.** The purpose of this ordinance is to exempt from property tax the leasehold interest of the Sitka Historical Society, Inc., in the leased premises at Harrigan Centennial Hall, as realized from the Lease Agreement between the City and Borough of Sitka, Alaska ("CBS"), and Sitka Historical Society, Inc. ("SHS"), which was approved at the regular Assembly meeting on July 24, 2018. The exemption, known as the "community purpose optional property tax exemption," is authorized under Sitka General Code, subsection 4.12.025.E, which adopts and incorporates Alaska Statute 29.45.050(b)(1)(A), which, in order to receive the exemption, requires SHS to be "an organization not organized for business or profit-making purposes and [the property] used exclusively for community purposes." The code and statute also requires, to be exempted, that the "income derived from rental of that property does not exceed the actual cost to [CBS] of the use by [SHS]." In all respects, the conditions are met for the exemption. The exemption term proposed is from the starting date of the lease until December 31, 2020.

4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska, upon finding as follows:

- (1) SHS is an organization not organized for business or profit-making purposes; and,
- (2) the leasehold premises at Harrigan Centennial Hall is used exclusively for community purposes; and,
- (3) income derived by CBS from the lease of the leasehold premises at Harrigan Centennial Hall to SHS (which is zero) does not exceed the actual cost to CBS of the use by SHS;

thereby, SGC 4.12.025.E is satisfied and SHS is exempt from property tax from the starting date of the lease until December 31, 2020. The Assembly may extend this exemption by ordinance.

5. **EFFECTIVE DATE.** This ordinance shall become effective on the day after the date of its passage.

**PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska this 30<sup>th</sup> day of August, 2018.

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Matthew Hunter, Mayor

**ATTEST:**

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Melissa Henshaw, CMC  
Acting Municipal Clerk

1<sup>st</sup> reading 8/14/18

2<sup>nd</sup> reading 8/30/18

Sponsor: Administrator