

CITY OF VALDEZ, ALASKA

ORDINANCE #24-17

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, AMENDING SECTION 3.12.040 THE VALDEZ MUNICIPAL CODE ESTABLISHING A TAX EXEMPTION FOR ECONOMIC DEVELOPMENT PROPERTY

WHEREAS, AS 29.45.050(m) provides municipalities discretionary authority to partially or totally exempt all or some types of economic development property from taxation for a designated period; and

WHEREAS, the scope of exemptions allowable under this subsection of state law have been substantially broadened by legislative enactments in 2017, 2022 and 2024; and

WHEREAS, allowing an exemption for economic development property supports goal 2.2 of the 2021 Comprehensive Plan, Plan Valdez, to “encourage redevelopment and new development” by “finding ways to streamline, facilitate and incentivize development . . .to generate higher quality development, new investment in under-performing properties and aging buildings, and new construction”; and

WHEREAS, this program would more specifically accomplish goal 2.2 B to “create an incentive program for the infill and redevelopment of properties already served by public water and sewer”; and

WHEREAS, an economic development tax exemption incentivizing housing and other development on properties located in the New Town Site Neighborhood and Town Center place types will also advance goal 2.3 to “promote, protect, and build quality housing” by “identify[ing] and adopt[ing] strategic housing investment areas” (2.3 A) and “develop[ing] housing-directed incentive programs” (2.3 E); and

WHEREAS, AS 29.45.050(o) allows municipalities to partially or totally exempt all or some types of deteriorated property from taxation for up to 10 years once substantial rehabilitation, renovation, demolition, removal, or replacement of any structure on the property begins; and

WHEREAS, establishing this tax exemption program will support two of the four top City Council priorities for 2025: business, economic and workforce development strategies and housing.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, that the following amendments are made to Section 3.12.040 of the Valdez Municipal Code:

Section 1. Section 3.12.040 is hereby amended to read as follows:

3.12.040 Additional exemptions.

A. Seventy-six thousand one hundred fifty-five dollars of the assessed value or the maximum allowed under state law, whichever is greater, of a principal residence owned and occupied by the taxpayer is exempt from taxation. The city council may by ordinance annually adjust the exemption set forth herein by the amount calculated by the State Assessor to reflect the increase, if any, in the annual average cost of living, using the U.S. Department of Labor CPI-U for Anchorage. (Ord. 24-03 § 1; Ord. 22-12 § 1; Ord. 23-01 § 1)

B. The amount of \$10,000.00 of the assessed value of real property owned and occupied as a permanent place of abode by a resident who provides volunteer firefighting services or volunteer emergency medical services in the city is exempt taxation under this chapter.

To qualify for this exemption, on January 1 of the assessment year a person must be certified as:

1. A current and active volunteer of a State of Alaska recognized first responder service, registered fire department or a certified ambulance service located within the city; and
2. If providing volunteer firefighting services, be certified as a firefighter by the Alaska Department of Public Safety; or
3. If providing volunteer emergency medical services, be certified under AS 18.08.082.

The fire chief shall be responsible for certifying that the volunteer has met the criteria established for this exemption and will submit the names to the city clerk annually on or before January 15.

If two or more individuals are eligible for an exemption for the same property, not more than two exemptions may be granted.

No exemption under this section may be granted except upon written application on a form prescribed by the city clerk. The application must be filed with the city clerk no later than January 15 of the tax year for which the exemption is sought.

C. An amount equal to the increase of assessed value directly attributable to improvements made to properties for economic development purposes may be exempted from property taxes under the conditions listed in this section.

1. The construction of a new structure located in the town center place type may qualify for an exemption under this section for a period of ten years.

2. The major renovation of an existing structure in the town center place type may qualify for an exemption under this section for a period of ten years.

3. The construction of one or more residential units in the new townsite neighborhood place type may qualify for an exemption under this section for a period of three years.

No exemption under this section may be granted except upon written application on a form prescribed by the city clerk. The initial application must be filed with the city clerk no later than January 15 of the tax year for which the exemption is sought.

The city shall require an application annually by the property owner no later than January 15th for each subsequent tax year of the exemption period attesting that the property remains in compliance with this section. Failure to comply with the conditions this section will result in the exemption being deemed invalid for the subject property.

The initial application for exemption shall include:

1. A statement from the property owner regarding how the improvements to the property support economic development in Valdez.

2. Proof that all required permits for the proposed improvements have been issued.

3. An acknowledgment that the property owner is required to comply with all applicable local, state and federal laws.

4. A certificate of occupancy or certificate of completion from the community development department issued after August 13, 2024.

5. An acknowledgement by the applicant that the property will be fully taxable when no longer eligible for exemption under this section.

Qualifying economic development property remains taxable at the full assessed value until a certificate of occupancy or certificate of completion has been issued and the initial exemption application has been approved.

In this section:

1. “Economic development” has the meaning given in AS 29.45.050(m).

2. “Increase in the assessed value directly attributable to improvements” means the difference between the assessed value of improvements on the date of assessment prior to the building permit for the project being issued and the assessed value of improvements on the date of assessment after the certificate of occupancy or certificate of completion has been issued.

3. “Major renovation” means improvements to existing structures on an eligible property that result in at least a 25% increase in the assessed value of improvements on the property.

4. “New townsite neighborhood place type” has the meaning given in the adopted Comprehensive Plan

5. “Town center place type” has the meaning given in the adopted Comprehensive Plan

Section 2. Per state law, if adopted, this ordinance may be repealed by voter referendum.

Section 3. This ordinance shall take effect immediately upon adoption by the Valdez City Council.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this _____ day of _____, 2024.

CITY OF VALDEZ, ALASKA

ATTEST:

Dennis Fleming, Mayor

Sheri L. Pierce, MMC, City Clerk

First Reading:
Second Reading:
Adoption:
Ayes:
Noes:
Absent:
Abstain:

APPROVED AS TO FORM:

Jake Stasser, City Attorney

Brena, Bell, & Clarkson, P.C