

KENAI PENINSULA BOROUGH

ORDINANCE NO. 55

AN ORDINANCE ENTITLED: AN ORDINANCE RELATING TO THE PROCEDURE TO BE FOLLOWED IN PROCESSING APPLICATIONS FOR RELIEF UNDER THE ALASKA INDUSTRIAL INCENTIVE ACT.

BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

Section 1. Title 25 of the Code of Ordinances of the Kenai Peninsula Borough is hereby amended by adding a new chapter entitled "Industrial Incentive Exemption Procedures", consisting of sections 25.15.005 - 25.15.050, which said sections shall read as follows:

CHAPTER 15. INDUSTRIAL INCENTIVE EXEMPTION PROCEDURES.

Article 1. Application.

Section 25.15.005. Purpose and Title.

(a) It is the purpose of this ordinance to establish an orderly and definite procedure whereby eligible businesses may apply for and receive relief from borough property taxes levied for school purposes pursuant to AS 43.25.056 and whereby the Kenai Peninsula Borough may make recommendations to the State relating to the grant of exemption from other taxes levied by the Borough.

(b) This chapter may be cited as the Kenai Peninsula Borough Industrial Incentive Tax Relief Prodedures Act.

Section 25.15.010. Standards of Review. In determining exemptions to be granted or recommended hereunder, the assembly shall be guided by the purposes of the Alaska Industrial Incentive Act as it applies to the Kenai Peninsula Borough, and the people therof. In particular, the assembly shall consider:

(1) Whether the grant of tax relief is reasonably necessary to assure that the business is located within the Kenai Peninsula Borough.

(2) The extent to which the business will create permanent employment opportunities for people of the borough.

(3) The extent to which the business will spend monies within the borough on a permanent basis stimulating sales of goods and services by people of the Kenai Peninsula.

(4) The extent to which secondary industry will be generated by the enterprise.

(5) The extent to which natural resources of the people of the borough will be depleted by the operation of the business.

(6) The impact of the business on other resources and economic activities within the borough.

(7) The extent to which the business activity may generate demand for public services.

(8) Any other matters relating to the economic wellbeing of the borough and its people.

Section 25.15.015. Applications.

(a) Filing. The applicant shall submit to the Borough Sixteen (16) copies of the written application submitted under AS 43.25.040 together with other supplemental information relating to standards established by this Chapter, within ten (10) days of the submission of the application to the Department of Economic Development & Planning. Where the materials include extensive exhibits only one copy of such exhibits need be submitted to the Borough. Information shall be submitted under oath by an officer of applicant authorized to represent the company for the purpose of processing a tax incentive application.

(b) Contents. The application submitted to the Borough shall include but is not limited to the following information as applicable:

(1) A general outline of the enterprise to be undertaken.

(2) The taxes from which exemption is requested, the extent of exemption, the estimated value of such exemptions in each case to the borough in lost revenues, per annum.

(3) Sources of raw materials, if any; purchase price to be paid and to whom paid; relationship

of applicant to sellers of raw materials; nature and extent of manufacturing process; cost of manufacturing process; cost of manufacturing process and plant; products to be manufactured, sources of capital and cost; markets: to whom sold, sales price and relationship to buyer and any other information tending to classify the economic feasibility of the project to be undertaken. If a feasibility study was previously undertaken, a copy of the final report of such study should be included.

(4) Other property of applicant subject to borough taxes; other revenues which the borough government may anticipate from the operation.

(5) Space to be occupied and any plans for later expansion.

(6) If a manufactured product is involved, potential user for such product in the borough.

(7) Waste products produced including air and water pollutants.

(8) A statement of the impact of the enterprise on school enrollments together with the comments of either state or borough education officials thereon, or both.

(9) A statement of the impact on natural resource development and fish and game with the comments of an officer of the State Departments involved if and when available.

(10) Statement of ownership and affiliations of applicant.

(11) Statement of the importance of the industrial development to the state and to the borough.

(12) Other industries established or which may be established entitled to similar exemption.

(13) Roads, utilities, educational, hospital, transportation, police, recreational demands which may be created on the public sector of the economy. Statement of any program scheduled to meet such needs through efforts of applicant.

(14) Number of persons to be employed on permanent basis and source of labor supply.

(15) Data similar to the above (14) for the construction phase of the project and the timetable for construction.

(16) A statement whether the project will go forward whether or not the exemption is granted.

Article II. Hearings and Consideration by Assembly.

Section 25.15.020. The assembly shall schedule hearings on the application in the borough to which the public is invited and at which the public may speak. Response by the applicant at such hearings is voluntary in nature. If it is possible to coordinate hearings pursuant to AS 43.25.053 with the Department of Economic Development and Planning of the State, joint hearings shall be held.

Section 25.15.025. After appropriate hearings pursuant to Sec. 25.15.020, the assembly shall meet to determine appropriate action on the application. The public will be invited to comment, after which the meeting shall be closed to public participation in the discussion. Before voting commences, the borough chairman shall make the administration's recommendation to the assembly.

Section 25.15.030. The order of procedure to be followed by the assembly shall be as follows:

(1) Shall any exemption be granted? If the question fails a majority of the assembly, the question shall not again be raised before the assembly for a period of one (1) year unless the applicant submits new information showing a change of circumstances which would justify reconsideration.

(2) What taxes shall be considered for exemption or recommendation of exemption:

- (a) Real Property Taxes
- (b) Personal Property Taxes
- (c) Sales Taxes
- (d) Any other existent borough taxes.

No exemptions from taxes shall be granted or recommended from taxes not yet authorized by ordinance. If some different tax is later levied, the applicant

may request consideration of exemption at that time.

(3) If property taxes are considered the assembly shall then consider whether relief shall be granted affecting the mill levy required for the school support program. If the vote is in the affirmative, the borough shall vote reductions in the protected base at the rate of one-half (1/2) mill per vote.

(4) Whether additional real property tax relief shall be considered on the basis of a mill ceiling or exclusion of percentage of value.

(5) The term for which exemptions shall be granted. The assembly shall first consider whether an exemption shall be considered for a period of five (5) years. If the motion fails the assembly shall then consider a motion for four (4) years, three (3) years, etc. until a term is established. If the five (5) year period is adopted, the assembly shall then consider six (6) years, then seven (7) years, eight (8) years, etc., subject to the maximum limitations of AS 43.25.010, until ten (10) years is reached or until a motion on increase fails at which time the term is fixed.

(6) If the assembly has voted an exclusion based on percentage of value, the assembly shall vote first on the basis of fifty per cent (50%) of value. If the motion fails, the grant shall be considered in reduced increments of ten percent (10%). If it passes, increases shall be considered at the rate of ten percent (10%) until one hundred percent (100%) is reached or a motion for increase fails of adoption.

(7) If the vote is for a mill levy ceiling and the assembly has previously voted against impairment of the school support mill levy, the assembly shall consider mill ceilings starting with such school support levy and increasing in one-half (1/2) mill increments until an increase in ceiling fails of adoption.

Section 25.15.035. When assembly action is completed, the Chairman shall promptly forward to the applicant and to the Commissioner of Economic Development and Planning a report of the action taken by the assembly, together with any explanation of the assembly's action deemed appropriate by the assembly. The assembly may make findings of fact based on their examination of the application and

hearings held which may be forwarded with the report.


Article III. General Limitations and Conditions.

Section 25.15.040. No exemption is valid unless construction is commenced within one (1) year of approval of the application by the Department of Economic Development and Planning. Section 25.15.045. No tax relief from the school support mill levy shall be afforded hereunder unless it can be affirmatively shown that through payments in lieu of taxes, other tax revenues generated or a combination thereof, the business will place no increased burden on the taxpayers of the borough for educational purposes.

Section 25.15.050. The assembly of the Kenai Peninsula Borough hereby establishes a standing request that the applicant pay an annual real property tax on the property which is the subject of the application in an amount equal to the amount required for school support under the Public School Foundation Program (AS 14.17), unless said tax is specifically waived by resolution of the assembly."

Section 2. This ordinance becomes effective immediately upon its passage and approval according to law.

TABLED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH
THIS 26 DAY OF September, 1967.



Assembly President

ATTEST:



Borough Clerk