

MEMORANDUM

TO: Grace Merkes, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: John J. Williams, Borough Mayor

FROM: Max Best, Planning Director
John Mohorcich, Kenai River Center Manager

DATE: July 24, 2008

SUBJECT: Ordinance 2008-24 allowing for a late-filed habitat protection tax credit for properties exceeding the \$300,000 senior citizen exemption where construction was commenced in 2005, 2006, or 2007

At the regular election in 2007, the borough voters adopted a \$300,000 cap for the formerly unlimited senior citizen exemption. It is believed that approximately 64 properties have potentially qualifying projects for the river habitat tax credit authorized by AS 29.45.046 and KPB Chapter 5.14. The tax credit can be taken over a three-year period. Because the \$300,000 cap was not adopted until October 2007 and not effective until January 1, 2008, persons with formerly fully senior exempt properties would not have applied for the tax credit if they constructed in 2005, 2006, or 2007 even though they may have constructed projects which qualified for the exemption. This ordinance allows relief to those taxpayers who would otherwise qualify for the tax credit but for their fully exempt status prior to January 2, 2008. Depending on the year the project was completed, the taxpayer may qualify for the tax credit for one, two, or three years. The borough administration believes it is equitable to allow people who have constructed projects consistent with habitat protection the tax credit they would have otherwise received had they not been exempt from taxation at the time of construction. The assembly's consideration of this ordinance is appreciated.