

Submitted by: Chair of the
Assembly at the Request
of the Mayor
Prepared by: Real Estate & Property
Appraisal Departments
For reading: August 20, 2019

**ANCHORAGE, ALASKA
AO No. 2019-102**

**AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AMENDING
ANCHORAGE MUNICIPAL CODE CHAPTER 12.15 TO ADD A SECTION TO
CREATE A PROPERTY TAX EXEMPTION FOR CERTAIN SUBDIVIDED
PROPERTY PRIOR TO SALE OR TRANSFER.**

WHEREAS, subdividing a large parcel for development can increase a developer's municipal tax obligations, because the total assessed value of the lots created by the subdivision can exceed the assessed value of the original, unsubdivided parcel;

WHEREAS, developers often carry the increased tax obligation for some time period, before they can sell off individual lots;

WHEREAS, Alaska Statute 29.45.050(w) provides that "[a] municipality may by ordinance partially or wholly exempt from taxation all or a portion of the increase in assessed value directly attributable to the subdivision of a single parcel of property into three or more parcels and any improvements made to the property necessitated by its subdivision";

WHEREAS, state law further requires that such an exemption "may not provide for an exemption that exceeds five years in duration";

WHEREAS, the City and Borough of Juneau adopted such an exemption in 2015 via CBJ Ordinance 2015-44(am), now codified as CBJ Code 69.10.022;

WHEREAS, because the number of properties to which this ordinance would apply is not expected to be numerous, this ordinance will not have significant public sector economic effects;

WHEREAS, the private-sector economic effects of this ordinance are difficult to estimate with certainty, and therefore no summary of economic effects is provided; now, therefore,

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. Anchorage Municipal Code section 12.15.015 is hereby amended by adding a new subsection as follows (*the remainder of the section is not affected and therefore not set out*):

12.15.015 Real property exemptions.

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E. Municipal exemptions.

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6. Property tax exemption for certain subdivided property.

The increase in assessed value directly attributable to the subdivision of a single parcel of property into three or more residentially zoned lots and any improvements made to the property necessitated by its subdivision shall be exempt from municipal property taxes, for a maximum of five years. This exemption is subject to the following conditions and restrictions:

- a. Except where the assessor determines good cause exists to do otherwise, the assessed value exempted by operation of this subsection shall, for each lot or tract created by the subdivision, be calculated as follows:

current assessed value of the lot or tract multiplied by a term equal to one minus a fraction whose numerator is:

the last assessed value of the original parcel before subdivision

and whose denominator is

the sum of the first assessed values of all tracts and lots created by the subdivision

all as depicted below:

Current Assessed Value of Lot or Tract * (1- Last assessed value of original parcel before subdivision First assessed value of each lot and tract after subdivision)

- b. "Improvements made to the property necessitated by its subdivision" is limited to improvements required by title 21 of this code.
- c. The exemption shall only apply to property for which a subdivision plat was recorded after the adoption of this ordinance.
- d. A signed application on a form approved by the Municipal Assessor must be submitted prior to March 15 of the year the exemption is requested. The applicant must provide all relevant information and documents requested by the Municipal Assessor's Office.
- e. The exemption shall terminate for each lot when:

- i. the lot's ownership is transferred;
- ii. a residential or commercial structure has been completed on the lot, and a certificate of occupancy or a conditional certificate of occupancy has been issued; or
- iii. taxes have been exempted for the maximum five-year period.

Section 2. This ordinance shall be effective immediately upon passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 10th day of September, 2019.

Chair

ATTEST:

Municipal Clerk