

# Alaska State Legislature



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## **Derelict Building Tax Exemption Bill Passes** **Kohring's HB 389 Extends Municipal Property Taxes Waivers**

(JUNEAU) -- Municipalities will have an additional tool for encouraging renovation of derelict buildings under House Bill 389, which the Legislature passed last week, extending indefinitely a program allowing cities to exempt property taxes on deteriorated structures.

Sponsored by Rep. Vic Kohring (R-Wasilla/Peters Creek), House Bill 389 is an effort to provide an economic stimulus to communities, not by building new structures, but by encouraging renovation of existing buildings by allowing municipalities to exempt properties from taxes once rehabilitation efforts have begun.

"This legislation will be a tool for local governments to use for redeveloping properties that normally would fall into a state of disrepair and eventually have to be demolished," Kohring said. "It will help developers complete their projects, increase the value of surrounding properties and help local economies by drawing in investment dollars from outside."

The bill benefits developers by providing a slight boost to help costly repair projects "pencil out" a little better, he said. It will benefit neighbors by promoting rehabilitation of hazardous or unsightly buildings, and would benefit the entire community by attracting outside investment, and by starting derelict structures on the road to eventual addition to local property tax rolls as valuable properties.

One particular project that might benefit from such exemptions is the MacKay building, a dilapidated high-rise apartment building in Anchorage damaged in the 1964 Good Friday earthquake, where renovation efforts have repeatedly stalled. Implementation of the tax exemption addressed in HB 389 might be the push needed to make a renovation project economical and bring it to completion, Kohring said.

HB 389 removes any effective sunset expiration date for the exemption of property taxes on deteriorated property, extending it indefinitely.

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