

**CITY OF CORDOVA, ALASKA
ORDINANCE 1223**

**AN ORDINANCE OF THE COUNCIL OF THE CITY OF CORDOVA, ALASKA ESTABLISHING
ECONOMIC DEVELOPMENT PROPERTY TAX EXEMPTIONS RELATED TO COMMERCIAL
AND RESIDENTIAL DEVELOPMENT IN THE CITY AND SETTING FORTH CRITERIA FOR
SUCH EXEMPTIONS IN A STANDARDIZED APPLICATION FORM.**

WHEREAS, the City of Cordova recently amended its Cordova Municipal Code Title 5 “Revenue and Finance” provisions to address changes to its property and sales tax regimes; and

WHEREAS, the City adopted a revised Section 5.07.060 reflecting recent legislative changes to the State’s economic development exemption, found at AS 29.45.050; and

WHEREAS, City Council has met in multiple work sessions to discuss the parameters of appropriate economic development exemptions within the definitions provided by state statute, focusing on economic development exemption criteria incentivizing the development and redevelopment of housing within the City of Cordova.

NOW, THEREFORE, be it ordained by the Council of the City of Cordova, Alaska,

Section 1. The City Council approves as to form and substance the Economic Development Exemption Application attached as Exhibit A to this ordinance, setting forth the City of Cordova’s economic development criteria as required by statute.

Section 2. Effective Date. If one or more referendum petitions with signatures are properly filed within one (1) month after the passage and publication of this ordinance, the ordinance shall not go into effect until the petition or petitions are finally found to be illegal and/or insufficient or, if any such petition is found legal and sufficient, until the ordinance is approved in an election by a majority of the qualified voters, voting on the question. If no referendum petition with signatures is filed, this ordinance shall go into effect thirty (30) days after its passage and publication. 2025 shall be the first year for which applicants may seek exemptions under CMC 5.07.060.

Section 3. Sunset Provision. The Economic Development Exemption Application is repealed on December 31, 2027, unless extended beyond that date by Ordinance.

1st reading: November 6, 2024.

2nd reading and public hearing: November 20, 2024.

PASSED AND APPROVED THIS 20th DAY OF NOVEMBER 2024.



David Allison, Mayor

ATTEST:

Susan Bourgeois, CMC, City Clerk

EXHIBIT A

**CITY OF CORDOVA, ALASKA
ECONOMIC DEVELOPMENT PROPERTY
TAX EXEMPTION APPLICATION**

File two originals of this Application for any and each property for which you are seeking an economic development property tax exemption or deferral. The Application must be filed with the City Clerk no later than January 15 of the year the exemption is desired to take effect.

GUIDELINES AND CRITERIA FOR ECONOMIC DEVELOPMENT PROPERTY TAX EXEMPTIONS

GENERAL INFORMATION

The State of Alaska revised the definition of economic development under Title 29 of the Alaska Statutes in 2022. Previously, the economic development exemption was limited to certain specific criteria related to businesses and their economic impact. The revised statute expanded local government's ability to legislate at the local level the scope and criteria of economic development exemptions enacted by local ordinance.

The Cordova City Council met multiple times in 2023 and 2024 to identify the economic development criteria set forth in this application, which has been adopted by ordinance, pursuant to the requirements of AS 29.45.050(m). City Council ultimately determined that this application would include economic development criteria associated with the development and redevelopment of real property in Cordova, primarily to incentivize much needed additional housing for residents.

This Application sunsets on December 31, 2027, requiring the Cordova City Council to at that time either adopt the same criteria by ordinance or identify new criteria to address community needs for economic development.

REFERENCES

CMC 5.06.020 Applications – Initial Review:

- A. Applications for exemptions and deferrals must be submitted by January 15 of the year in which they are sought, unless a different application deadline is specified in Chapter 5.07 of this code. The City will not consider the granting of any tax exemption or deferral under Chapter 5.07 until the applicant submits a full and complete application and provides such additional information as may be requested by the City Clerk, assessor, and City Council. The assessor may make an independent investigation of the application or property in making a determination under this section. The City Clerk shall notify the applicant, in writing, of the City Clerk's completeness determination on the application for exemption.
- B. The City Clerk may prepare a standard application form that upon completion will provide adequate and sufficient information to determine whether any tax exemption or deferral should be granted. The accuracy of the information provided in the application must be verified by oath of the applicant or an authorized officer of the applicant.
- C. If the applicant fails or refuses to provide information required or requested by the City within the time period established by the City, the exemption shall be denied.
- D. An applicant delinquent in the registration for, filing of a return, or payment of, any City property or sales tax, City special assessment, or City utility bill may not be granted an exemption and/or deferral under this section.
- E. Any person requesting a tax exemption or deferral pursuant to this Chapter and Chapter 5.07 shall pay to the City an initial application fee which must be submitted at the same time the application form is submitted. Application fees shall be set forth in the City's fee schedule.
- F. If any person knowingly makes any false representations in any submission to the City related to an initial application for or review of a tax exemption or deferral under this Chapter or Chapter 5.07, that person shall be punishable by a fine as set forth in Chapter 1.28. Any misstatement of or error in fact may render an application null and void and may be cause for the revocation of any tax exemption or deferral adopted in reliance on such information.
- G. Exemptions claimed under Section 5.07.010 are governed by the process and timeline mandated by the State as set forth in that section.

CMC 5.07.060 Economic Development Property Exemption

- A. The assessed value of property used for economic development, as defined in this Chapter, may be exempt from City property taxes or receive a deferral from City property taxes under the conditions listed in this section.
- B. "Property used for economic development" as used in this section, means that part of real or personal property, as determined by the assessor, that is being developed or redeveloped in a manner intended to result in an outcome that causes an increase in, or avoids a decrease of, economic activity, gross domestic product, or the City tax base in such a manner that City Council has determined an exemption or deferral from property tax is in the best interest of the Cordova community.
- C. Property used for economic development may be:
 1. Exempted from property taxes on up to one hundred percent of the assessed value of the property for a period determined by City Council and adopted by ordinance;
 2. Deferred from payment of taxes for a period determined by City Council and adopted by ordinance; or
 3. Deferred from payment of property taxes until substantial completion of construction if a property owner is in the process of developing or building property used for economic development but has not yet completed construction on such property.
- D. City Council shall approve the economic development exemption and deferral application form, and any substantive changes to that application, by ordinance. The application shall specify the specific types of land use that causes an increase in or avoids a decrease of economic activity, gross domestic product, or City tax base in such a manner that an exemption or deferral from property tax is in the best interest of the Cordova community. The application shall specify the terms and

conditions of an exemption or deferral. The approved application form and any changes to the form shall be published at least 30 days before taking effect. Except as otherwise provided in this section, an application under this section shall be processed in the same manner as all applications under this Chapter and Chapter 5.06.

- E. In addition to the application requirements and specifications adopted in the application itself or otherwise specified in this Chapter or Chapter 5.06, an applicant seeking a construction deferral must also submit a development plan to be approved by the city assessor. Upon construction of the economic development property satisfactory to the City, the City may change deferral under this subsection into an exemption which shall not exceed the remainder of the five-year period from the date the deferral was approved.
- F. If the property to be used for economic development is not developed or created within the time specified in the application, the City may immediately terminate the deferral and take any other action permitted by law including, but not limited to, collecting all property taxes accrued on the property during the construction deferral, collecting penalties and interest on the taxes owed from the date such taxes would have been due if no deferral had been granted, and attaching a tax lien to the property.

EXEMPTIONS

REQUIREMENTS

- 1) The economic development property tax exemptions outlined here apply only to improvements to real property. The exemptions do not apply to the value of land on which the development or redevelopment is to be located.
- 2) The exemptions under no circumstances transfer following sale of the real property for which an exemption has been granted.
- 3) All development that is granted an exemption per the terms set forth below and entails construction must be subject to inspection as required by the Codes adopted by the authority having jurisdiction (the State Fire Marshal) at the cost of the Applicant.

Single-Family Residential

The Single-Family Residential Exemption is an eight-year exemption from the property taxes owed on the first one hundred fifty thousand dollars of the assessed value of improvements for the construction of single-family homes to include standalone homes and townhomes. If granted, the exemption goes into effect upon substantial completion of the development for which the exemption is sought.

Affordable Housing

The Affordable Housing Exemption is an exemption of 100 percent of the property taxes owed on the assessed value of the improvements under the circumstances and for the durations detailed below. If granted, the exemption goes into effect upon substantial completion of the development for which the exemption is sought.

Maximum Eight-Year Exemption	Maximum Twelve-Year Exemption	Maximum Fifteen-Year Exemption
Multifamily housing of any kind (duplex, triplex, condominiums, apartments) offered for rent at market rates for duration of exemption. No requirement to establish below market rate rents.	Multifamily housing consisting of four units or more, with at least 25 percent of units offered for rent as affordable units for duration of exemption.	Multifamily housing consisting of four units or more, with at least 25 percent of units providing three bedrooms or more, offered for rent as affordable units for duration of exemption.

Multifamily Residential

The Multifamily Residential Exemption is an exemption of 100 percent of the property taxes owed on the assessed value of improvements under the circumstances and for the durations detailed below. If granted, the exemption goes into effect upon substantial completion of the development for which the exemption is sought.

Five-Year Exemption	Eight-Year Exemption	Twelve-Year Exemption
Construction of one or more duplexes or provision/installation of a new construction trailer home in an existing trailer home park. In either instance, the property must be some combination of owner-occupied, and/or offered on a long-term rental basis (minimum 12-month lease) for the duration of the exemption.	Construction of multifamily housing of fourplexes to eightplexes. Seventy-five percent of units must be owner-occupied or offered on a long-term rental basis (minimum 12-month lease) for the duration of the exemption.	Construction of multifamily housing in excess of eight units, to include condominiums and apartments. Seventy-five percent of units must be some combination of owner-occupied and offered on a long-term rental basis (minimum 12-month lease) for the duration of the exemption.

Mixed-Use Development

The Mixed-Use Development Exemption is an exemption of 100 percent of the property taxes owed on the assessed value of improvements for the construction of mixed-use development for a period of fifteen years. If granted, the exemption goes into effect upon substantial completion of the development for which the exemption is sought.

Commercial Development

The Commercial Development Exemption is an exemption of 100 percent of the property taxes owed on the assessed value of improvements for new commercial or industrial construction for a period of ten years. If granted, the exemption goes into effect upon substantial completion of the development for which the exemption is sought.

Rehabilitation

The Rehabilitation Exemption is an exemption of 100 percent of the property taxes owed on the assessed value of improvements to blighted commercial or residential properties. The exemption requires the redevelopment of a parcel, in the form of either significant upgrades or full replacement of existing blighted improvements. The Rehabilitation Exemption can be applied for prior to January 15 of the year in which construction is meant to encourage the redevelopment of blighted properties in the City. If the proposed development is not completed upon the timeline set forth in the Applicant's application, the one-year exemption shall be revoked, and all taxes previously waived per the exemption will become due immediately.

DEFINITIONS

The following definitions pertain only for purposes of obtaining the property tax exemptions contained herein. They are not applicable to any land use or zoning determinations made by the city under the Cordova Municipal Code.

"Affordable Units": Units offered at rent or sales prices associated with the U.S. Department of Housing and Urban Development's "low income" designation (currently rent affordable for families earning no more than 80 percent of Area Median Income ("AMI")).

"Blighted Property": Commercial or residential property that meets one of the following requirements: (1) within the last five years, has been the subject of an order by the City or other government agency requiring environmental remediation of the property or requiring the property to be vacated, condemned, or demolished by reason of noncompliance with laws, ordinances, or regulations; or (2) has a structure on it built more than 25 years ago.

"Commercial Construction": Any non-residential development appropriate for commercially zoned areas within the City.

"Industrial Construction": Any non-residential development appropriate for industrially zoned areas within the City.

"Mixed-Use Development": Construction resulting in both residential and commercial spaces within the same development, and maintaining a commercial use at street level.

"Substantial Completion": The point in time at which the property may be occupied for its intended purpose per final inspection.

PROCEDURES FOR ECONOMIC DEVELOPMENT PROPERTY TAX EXEMPTION

Any Applicant requesting an Economic Development Property Tax Exemption must first submit two (2) original applications with appropriate attachments to the City Clerk. Please submit your application to the following address:

City of Cordova
PO Box 1210
Cordova, Alaska 99574
Attn: City Clerk

Upon submittal of the application, the City Clerk or designee shall review, and within ten (10) days of submission, notify the Applicant of any facial deficiencies.

OFFICIAL USE ONLY

Application #: _____

Date Received: _____

ECONOMIC DEVELOPMENT PROPERTY TAX EXEMPTION
Cordova Municipal Code Section 5.07.060

NOTICE: Application is to be filed with the City Clerk no later than January 15 of the year the exemption is desired to take effect.

SECTION 1 – APPLICANT NAME AND MAILING ADDRESS

Name of Applicant:

Type of Applicant: Individual Sole Proprietorship Partnership Corporation Other (explain)

Current Mailing Address:

Phone:

Email:

SECTION 2 – PROPERTY OWNER

Full Legal Name of the Owner of the Property:

Title:

Phone:

Email Address:

SECTION 3 – CONTACT PERSON

Contact Person for this Application:

Title:

Phone:

Email Address:

SECTION 4 – EXACT LOCATION FOR WHICH EXEMPTION IS SOUGHT

Legal description of property for which this application is filed:

Property Parcel Identification Number(s):

Street Address of this property

SECTION 5 – PLANNED CONSTRUCTION

Please describe the nature of the planned development at the Property, per the exemption guidelines above:

SECTION 6 – COMMENCEMENT OF CONSTRUCTION

Date you began, or will begin, construction at this location:

SECTION 7 – PLANNED COMPLETION

Date you plan to complete construction and/or qualify for a certificate of occupancy:

SECTION 8 – TYPE OF DEVELOPMENT

Type of Development: Condominiums/Townhomes Single-Family Home Mixed-Use Residential/Commercial
Commercial Rehabilitation

Units:

Description of improvements to real property for which exemption is requested:

SECTION 9 – LENGTH AND AMOUNT OF EXEMPTION

Note: Applicant may request an exemption for the term and amount described in detail above. All exemptions pertain to the assessed value of all qualifying improvements to real property – no exemption shall be granted for land. Length and amount of exemption approved is at the sole discretion of the Cordova City Council.

Exemption sought:

Total number of years that applicant requests exemption:

SECTION 10 – OTHER CONSIDERATIONS FOR EXEMPTION DETERMINATION

Amount of total capital investment in the development or redevelopment of the Property:

Commitment to local procurement and local hiring:

List any products or services that are critical to your business that are not available locally or regionally:

Commitment to increasing the availability of affordable housing:

SECTION 11 – RECORDS AND CERTIFICATES

All inspection records and certificates obtained for the development or redevelopment of the Property are described here, and provided by Applicant as Attachment 1 to this Application:

SECTION 12 – OCCUPANCY

All listings, leases, and occupancy reports showing how Applicant qualifies for exemptions requiring proof of occupancy shall be provided by Applicant as Attachment 2 to this Application.

CONTINUING PERFORMANCE:

EVIDENCE OF SATISFACTION OF ONGOING EXEMPTION CRITERIA SET FORTH IN THIS APPLICATION MUST BE PROVIDED IN THE ANNUAL REPORT FORM TO MAINTAIN THE PROPERTY TAX EXEMPTION. FAILURE TO DEMONSTRATE ONGOING SATISFCATION OF THE EXEMPTION CRITERIA ON AN ANNUAL BASIS WILL RESULT IN THE REVOCATION OF THE EXEMPTION AND ALL BACK TAXES FROM THE TIME OF QUALIFICATION COMING DUE AND PAYABLE.

DATE OF APPLICATION:

I hereby request the adoption of an ordinance granting an economic development property tax exemption on the above property. In addition to the information included herein (including attachments, if any), I agree to furnish such other information as the City Council, City Clerk, or the City Assessor may request in regard to the exemption requested herein. I hereby certify that the information stated in this economic development property tax exemption application is true, correct and complete to the best of my knowledge and belief, including any attached statements, schedules, etc. (If prepared by someone other than the Property Owner, the owner's declaration is based on all information of which he/she has any knowledge.)

Owner Name and Title:

Signature:

Type or Print Name:

Date:

PREPARER/AUTHORIZED AGENT – Name and Address:

Telephone:

E-mail:

Signature:

Type or Print Name:

Date:

I CERTIFY: That the information I am supplying on and with this form is TRUE and CORRECT. I authorize the City of Cordova to obtain information necessary to verify my eligibility. If any person knowingly makes any false representations in any submission to the City related to an initial application for or review of a tax exemption or deferral under Chapter 5.07, that person shall be punishable by a fine as set forth in Chapter 1.28, of up to \$1,000/per fine, per day. Any misstatement of or error in fact may render an application null and void and may be cause for the revocation of any tax exemption or deferral adopted in reliance on such information.

Signature: _____

Date: _____

CITY ASSESSOR'S USE ONLY

Total revenue available to the city for the current fiscal year from ad valorem tax sources: \$

Revenue lost to the City for the current fiscal year by virtue of all economic development property tax exemptions previously granted: \$

Estimate of the revenue which would be lost to the City during the current fiscal year if the exemption applied for were granted and the property for which the exemption is requested would otherwise have been subject to taxation:
\$

Estimate of the taxable value lost to the City if the exemption applied for was granted:

Improvements to real property: \$

I have determined that the stated use of the Property listed above meets the definition, as defined by Cordova Municipal Code 5.07.060, of economic development, namely the development or redevelopment of real property intended to result in an outcome that causes an increase in, or avoids a decrease of, economic activity, gross domestic product, or the City tax base in such a manner that City Council has determined, per the guidelines set forth herein, that an exemption or deferral from property tax is in the best interest of the Cordova community. The exemption falls under the classification of:

Single-Family Residential _____ Affordable Housing _____ Multifamily Residential _____

Mixed-Use Development _____ Commercial Development _____ Rehabilitation _____

Last year for which exemption may be applied:

Signature, City Assessor:

Date:

**ECONOMIC DEVELOPMENT PROPERTY TAX
EXEMPTION
ANNUAL REPORT**

**FOR USE BY PARTIES RECEIVING ECONOMIC DEVELOPMENT
PROPERTY TAX
EXEMPTIONS GRANTED FROM THE
CITY OF CORDOVA, ALASKA**

The recipient of an economic development property tax exemption shall complete and submit this report to the City Clerk on or before January 15 of each year for which the exemption is in effect.

The recipient of an economic development property tax exemption shall complete and submit this report to the City Clerk on or before January 15 of each year for which the exemption is in effect.

Please submit both a hard copy and electronic copy to the following addresses:

City of Cordova
PO Box 1210
Cordova, Alaska 99574
Attn: City Clerk

cityclerk@cityofcordova.net

OFFICIAL USE ONLY

Report #: _____

Date Received: _____

FOR EXEMPTION PERIOD: January 1, _____ to December 31, _____

SECTION 1 – APPLICANT NAME AND MAILING ADDRESS

Name and Business Mailing Address:

Phone:

Email:

SECTION 2 – PROPERTY OWNER

Full Legal Name of the Property Owner:

Title:

Phone:

Email Address:

SECTION 3 – EXACT LOCATION OF PROPERTY

Legal description of property for which this application is filed:

Property Parcel Identification Number(s):

Street Address of this property:

SECTION 5 – REAL PROPERTY

Description of improvements to real property for which exemption was received:

Date of commencement of construction of improvements:

Date of completion of construction of improvements:

SECTION 6 – OCCUPANCY

All listings, leases, and occupancy reports showing how Applicant continues to qualify for exemptions requiring proof of occupancy or offering shall be provided by Applicant as Attachment 1 to this Annual Report.

SECTION 7 – DATE OF ANNUAL REPORT

I agree to furnish such other information as the Cordova City Council, City Clerk, or City Assessor may request in regard to the economic development property tax exemption granted. I hereby certify that the information stated in this Annual Report is true, correct and complete to the best of my knowledge and belief, including any attached statements, schedules, etc. (If prepared by someone other than the Property Owner, the owner’s declaration is based on all information of which he/she has any knowledge.)

Owner Name and Title:

Signature:

Type or Print Name:

Date:

PREPARER/AUTHORIZED AGENT – Name and Address:

Telephone:

E-mail:

Signature:

Type or Print Name:

Date:

I CERTIFY: That the information I am supplying on and with this form is TRUE and CORRECT. I authorize the City of Cordova to obtain information necessary to verify my eligibility. If any person knowingly makes any false representations in any submission to the City related to an initial application for or review of a tax exemption or deferral under Chapter 5.07, that person shall be punishable by a fine as set forth in Chapter 1.28, of up to \$1,000/per fine, per day. Any misstatement of or error in fact may render an application null and void and may be cause for the revocation of any tax exemption or deferral adopted in reliance on such information.

Signature: _____

Date: _____