

1 Introduced by: Assessing Department thru the Mayor

2 Drafted by: Assessing Director

3 Introduced on: 03/03/2022

4 Public Hearing Date:03/17/2022

5 Adopted on:03/17/2022

6 **KODIAK ISLAND BOROUGH**
7 **ORDINANCE NO. FY2022-12**

8
9 **AN ORDINANCE OF THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH AMENDING**
10 **KODIAK ISLAND BOROUGH CODE SECTION 3.35.030(A)(3) REGARDING REQUIRED TAX**
11 **PROPERTY EXEMPTIONS**
12

13 **WHEREAS,** The current language in Kodiak Island Borough Code 3.35.030(A)(3) includes
14 provisions which do not reflect the most recent amendments to the required exemptions in AS
15 29.45.030, specifically it does not include language revisions in AS 29.45.030(b) (defining
16 property used exclusively for religious purposes) and AS 29.45.030(c) (addressing otherwise
17 exempt property from which income is derived); and
18

19 **WHEREAS,** The Assembly desires to bring the incorporate the amendments to AS
20 29.45.030(b) and AS 29.45.030(c) into KIBC 3.35.030(A)(3).
21

22 **NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KODIAK ISLAND**
23 **BOROUGH** that:
24

25 **Section 1:** This ordinance is of a general and permanent nature and shall become a part of the
26 Kodiak Island Borough Code of Ordinances.
27

28 **Section 2:** That section 3.35.030(A)(3) of the Kodiak Island Borough Code of Ordinances is
29 amended to read as follows:
30

31 3.35.030 Real and personal property exempted from taxation.

32 A. The following described properties shall be exempt from any and all taxation otherwise
33 imposed under the foregoing sections:
34

...

35 3. All property used exclusively for nonprofit religious, charitable, cemetery, hospital, or
36 educational purposes ~~(classroom space only)~~ is exempt from taxation for the calendar year in
37 which application is timely filed if the assessor determines that the application demonstrates the
38 property qualifies for exemption as provided by AS 29.49.030. Property used **exclusively** for
39 religious purposes **means that property described in AS 29.45.030(b). Property described in**
40 **this section from which income is derived is exempt only if that income is solely from the**
41 **use of the property by nonprofit religious, charitable, hospital, or educational groups. If**
42 **used by nonprofit educational groups, the property is exempt only if used exclusively for**

43 ~~classroom space. includes the residence of a bishop, pastor, priest, rabbi, minister, or religious~~
44 ~~order of a recognized religious organization and to further include all other improved property of~~
45 ~~such organization not used for business, rent, or profit. Property of any religious, educational, or~~
46 ~~charitable organization from which the organization derives any rentals or profits shall not be~~
47 ~~exempt.~~ Unimproved or vacant real property of any such organization which is not currently used
48 for religious, hospital, educational, cemetery, or charitable purposes shall be deemed to be
49 property held or used for profit, unless by deed restriction or otherwise the real property has been
50 effectually dedicated to future use for religious, educational, or charitable purposes only and
51 cannot be sold or used for any other purposes. Any vacant land which initially qualifies for an
52 exemption under this section, and for which an application is filed, but is not placed in use within
53 two years of January 1st of the first tax year, shall be subject to taxation in each tax year,
54 retroactive to the first tax year for which the exemption was granted.

55 a. To qualify for an exemption under subsection (A)(3) of this section, the applicant organization
56 shall provide the following information to the assessor or designee to support a determination of
57 exempt status:

- 58 i. The articles of incorporation.
- 59 ii. Documentation to support the organization's not-for-profit status (e.g., IRS Section
60 501(c)(3) determination letter, or equivalent).
- 61 iii. A description of the property's use, demonstrating its consistency with the requested
62 exemption.
- 63 iv. Contracts of any type that describe or memorialize the use of the property by a person or entity
64 other than the applicant organization.
- 65 v. A description of any remuneration received by the applicant organization including:
 - 66 (A) Any property, or portion of property, from which rentals or income are derived.
 - 67 (B) Actual operating expenses, excluding debt service or depreciation.
 - 68 (C) Where property is leased by the organization to other entities, financial statements for the
69 past tax year, including income and expense reports, and a description of any debt service or
70 depreciation reported in the financial statements for the property.
- 71 vi. For property used for an educational purpose, a description of course curriculum and
72 classroom space.
- 73 vii. For property used as a religious residence, a description of the resident's ordination,
74 commission, or license (according to the standards of the religious organization), and proof of the
75 resident's employment by the religious organization as its spiritual leader.

76 b. The borough assessor may request additional information prior to making a determination, as
77 reasonably necessary, to determine the exempt status of a property in accordance with borough
78 code and regulations and state law.

79 4. Any vacant land which initially qualifies for an exemption under this section, but which is not
80 placed in use within two years from January 1st of the first tax year, for which an application is
81 filed, shall be subject to taxation in each tax year, retroactive to the first tax year for which the
82 exemption was granted.

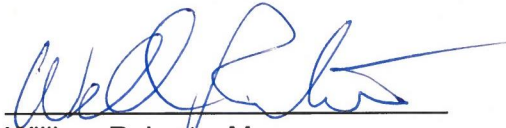
83 a. No single organization shall receive more than two exempt vacant parcels, and the exemption
84 for any one parcel shall not exceed the average assessed value of a single, similarly zoned
85 property, as determined by the assessor on an annual basis.

86 ...

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88 **Effective Date:** This ordinance takes effect at midnight on the day of adoption of this ordinance.
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91 **ADOPTED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH**
92 **THIS SEVENTEETH DAY OF MARCH, 2022.**

93
94 KODIAK ISLAND BOROUGH

95
96 
97 _____

98 William Roberts, Mayor

ATTEST:

99
100 
101 _____
102 Lina Cruz, Acting Borough Clerk

103 **VOTES:**

Ayes: Griffin, Smiley, Williams, and Arndt

Noes:

