

Sponsored by: Administration
Introduction Date: April 19, 2022
Enactment Date: May 24, 2022

CITY OF WHITTIER
ORDINANCE #2022-002

A NON-CODE ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WHITTIER, ALASKA, APPROVING A THREE-YEAR EXEMPTION AND ADDITIONAL TWO-YEAR DEFERRAL OF MUNICIPAL PROPERTY TAXES ON COMMERCIAL DEVELOPMENT PROPERTY RELATED TO CONSTRUCTION OF NEW CRUISE SHIP DOCK AND UPLAND AMENITIES

WHEREAS, Alaska Statute 29.45.050(m) provides that “A municipality may by Ordinance partially or totally exempt all or some types of economic development property from taxation for a designated period”; and

WHEREAS, Alaska Statute 29.45.050(m)(1)(C) requires that “an exemption or deferral on the property enables a significant capital investment in physical infrastructure that i) expands the tax base of the municipality; and ii) will generate property tax revenue after the exemption expires;” and

WHEREAS, the Whittier City Council approved the essential terms and conditions of a lease between the City and a wholly-owned subsidiary of Huna-Totem Corporation via Resolution 2022-004 on February 22, 2022, for construction of a cruise ship dock and upland amenities, infrastructure and utilities, which will represent a significant capital investment in physical infrastructure which will promote economic development, expand the City’s tax base and generate future property tax revenues for the municipality; and

WHEREAS, the lease between the City and Huna-Totem Corporation extends property tax relief provisions for a period of five years, which must be approved via separate Ordinance of the City; and

WHEREAS, the City hereby authorizes a three-year *exemption* from real property tax to Huna-Totem Corporation and/or a wholly-owned subsidiary engaged in constructing a new cruise ship dock and related upland infrastructure, utilities and amenities, with said exemption being for a period of three (3) years, including Year 2023, 2024 and 2025; and

WHEREAS, the City further authorizes a two-year *deferral* from real property tax to Huna-Totem Corporation and/or a wholly-owned subsidiary for Year 2026 and 2027, in order to incentivize economic development by assisting the developer with cash flow, with the developer being required to pay one-half of the total amount of property tax deferred during the year 2026 and 2027, in each of the Years 2028 and 2029, in addition to the requirement to timely pay the total property tax owed for each of the years 2028 and 2029.

NOW THEREFORE, THE WHITTIER CITY COUNCIL HEREBY ORDAINS;

Section 1. This is a non-Code ordinance.

Section 2: The City hereby authorizes a three-year exemption from real property tax to Huna-Totem Corporation and/or a wholly-owned subsidiary for the construction of a new cruise ship dock and related upland infrastructure, utilities and amenities for the years 2023, 2024 and 2025.

Section 3. The City hereby authorizes a further two-year exemption from real property tax to Huna-Totem Corporation and/or a wholly-owned subsidiary for the construction of a new cruise ship dock and related upland infrastructure, utilities and amenities for the years 2026 and 2027, delaying property tax for those years to be paid in 2028 and 2029, along with the required real property taxes, in accordance with the recitals above which are incorporated herein.

Section 4. The City Council hereby determines that the exemption and deferral of property tax for economic development purposes is consistent with AS 29.45.050(m) to enable a significant capital investment in physical infrastructure which will expand the City's tax base and generate property tax revenue in the future.

Section 5. Effective Date. This Ordinance shall be effective, after passage and approval by the City Council, on May 24, 2022, and shall be applicable to assessment and billing functions associated with the tax years 2023, 2024, 2025, 2026 and 2027.

**ENACTED BY THE CITY COUNCIL OF THE CITY OF WHITTIER, ALASKA, this
24th day of May 2022**

CITY OF WHITTIER, ALASKA



Dave Dickason
Mayor

AYES: Shen, Wagner, McCord, Denmark, Blair, and Dickason

NOES:

ABSENT: Pinguoch

ABSTAIN:

ATTEST:



Naelene Matsumiya
City Clerk

(City Seal)