

KENAI PENINSULA BOROUGH

Kenai Peninsula Borough Assembly

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Gary Knopp, Assembly President
Charlie Pierce, Vice President

MEMORANDUM

TO: Gary Knopp, Assembly President
Kenai Peninsula Borough Assembly Members

FROM: Hal Smalley, Assembly Member *JB for H.S.*

DATE: July 3, 2012

RE: Ordinance 2012-27, enacting KPB 5.12.101 to classify and exempt from real property taxation residential renewable energy systems used to develop means of energy production using energy sources other than fossil or nuclear fuels

This ordinance exempts residential renewable energy systems from real property taxation for the purpose of encouraging the use of such systems and thereby reducing pollutant emissions and the consumption of non-renewable resources. In 2010 Senate Bill 220 was enacted which amended AS 29.45.050 to provide that a municipality may by ordinance classify and exempt from taxation residential renewable energy systems. The most common exempted systems would likely be windmills, solar panels or small hydroelectric projects. As state statute does not define some of the key terms in the ordinance such as "renewable energy" or "fossil fuel" the legal department drafted a definitions section based on outside sources including other governmental and internet resources.

Specifically excluded from the exemption are energy systems that utilize fossil, nuclear or wood fuels. The exemption is further limited to energy systems that are for residential use and on site.