

**HOUSE BILL NO. 10**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-SIXTH LEGISLATURE - FIRST SESSION**

**BY REPRESENTATIVES GRUENBERG, CHENAULT, THOMAS, GARA, HARRIS, AND KAWASAKI,  
Foster, Dahlstrom, Lynn, Olson**

**Introduced: 1/20/09**

**Referred: Community and Regional Affairs, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1   **"An Act authorizing a borough to charge a city for costs of collecting certain taxes;**  
2   **relating to a mandatory exemption from municipal property taxes for residences of**  
3   **certain widows or widowers, and to optional exemptions from municipal property taxes**  
4   **for property of certain fraternal organizations, for certain college property, and for**  
5   **certain residential property; and providing for an effective date."**

6   **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7    \* **Section 1.** AS 29.35.170(b) is amended to read:

8                   (b) **Except as provided in AS 29.45.700, taxes** [TAXES] levied by a city **in a**  
9                   **borough** shall be collected by **the** [A] borough and returned in full to the levying city.  
10                  **However, a borough may charge a city a fee for costs of collecting a tax that is not**  
11                  **also levied by a majority of the cities in the borough or levied by the borough on**  
12                  **an areawide basis.** This subsection applies to home rule and general law  
13                  municipalities.

1 \* **Sec. 2.** AS 29.45.030(e) is amended to read:

2 (e) The real property owned and occupied as the primary residence and  
 3 permanent place of abode by a [(1)] resident who is (1) 65 years of age or older; (2) a  
 4 disabled veteran; [OR] (3) [RESIDENT] at least 60 years of age and [OLD WHO IS]  
 5 the widow or widower of a person who qualified for an exemption under (1) [OR (2)]  
 6 of this subsection; or (4) the widow or widower of a person who qualified for an  
 7 exemption under (2) of this subsection, is exempt from taxation on the first  
 8 \$150,000 of the assessed value of the real property. A municipality may, in case of  
 9 hardship, provide for exemption beyond the first \$150,000 of assessed value in  
 10 accordance with regulations of the department. Only one exemption may be granted  
 11 for the same property and, if two or more persons are eligible for an exemption for the  
 12 same property, the parties shall decide between or among themselves who is to receive  
 13 the benefit of the exemption. Real property may not be exempted under this subsection  
 14 if the assessor determines, after notice and hearing to the parties, that the property was  
 15 conveyed to the applicant primarily for the purpose of obtaining the exemption. The  
 16 determination of the assessor may be appealed under AS 44.62.560 - 44.62.570.

17 \* **Sec. 3.** AS 29.45.050(a) is amended to read:

18 (a) A municipality may exclude or exempt or partially exempt residential  
 19 property from taxation by ordinance ratified by the voters at an election. An exclusion  
 20 or exemption authorized by this subsection may be applied with respect to taxes levied  
 21 in a service area to fund the special services. An exclusion or exemption authorized by  
 22 this subsection may not exceed the assessed value of \$40,000 [\$20,000] for any one  
 23 residence.

24 \* **Sec. 4.** AS 29.45.050(b) is amended to read:

25 (b) A municipality may by ordinance

26 (1) classify and exempt from taxation

27 (A) the property of an organization not organized for business  
 28 or profit-making purposes and used exclusively for community purposes if the  
 29 income derived from rental of that property does not exceed the actual cost to  
 30 the owner of the use by the renter;

31 (B) historic sites, buildings, and monuments;

(C) land of a nonprofit organization used for agricultural purposes if rights to subdivide the land are conveyed to the state and the conveyance includes a covenant restricting use of the land to agricultural purposes only; rights conveyed to the state under this subparagraph may be conveyed by the state only in accordance with AS 38.05.069(c);

(D) all or any portion of private ownership interests in property that, based upon a written agreement with the University of Alaska, is used exclusively for student housing for the University of Alaska; property may be exempted from taxation under this subparagraph for no longer than 30 years unless the exemption is specifically extended by ordinance adopted within the six months before the expiration of that period;

**(E) property of a private, nonprofit four-year college or university that is accredited by a regional or national accrediting agency recognized by the Council for Higher Education Accreditation or the United States Department of Education, or both, that is not subject to the mandatory exemption described in AS 29.45.030(a)(3); however, notwithstanding this exemption, the provisions of AS 29.45.030(a)(1)(A) apply to this property;**

(2) classify as to type and exempt or partially exempt some or all types of personal property from ad valorem taxes.

\* **Sec. 5.** AS 29.45.050 is amended by adding a new subsection to read:

(t) A municipality may, by ordinance ratified by the voters, exclude or exempt or partially exempt from taxation the property of a fraternal society, order, or association that is exempt from federal taxes under 26 U.S.C. 501(c)(8) or (10) (Internal Revenue Code) if the property is used predominantly for one or more of the following purposes:

- (1) religious;
- (2) charitable;
- (3) scientific;
- (4) literary;
- (5) educational; or

1 (6) fraternal.

2 \* **Sec. 6.** AS 29.45 is amended by adding a new section to read:

3 **Sec. 29.45.053. Exemption for certain residences of law enforcement**

4 **officers.** (a) A municipality may, by ordinance, provide for the designation of areas  
5 within its boundaries that are eligible for tax exemptions on parcels of residential  
6 property. The amount of the tax exemption provided in the ordinance may not exceed  
7 \$150,000 of the assessed value of a parcel. The exemption may be granted for a parcel  
8 only if it is

9 (1) entirely within an eligible area;

10 (2) primarily used for residential purposes; and

11 (3) owned and occupied as the primary place of abode by a law  
12 enforcement officer.

13 (b) Only one exemption may be granted for the same parcel under an  
14 ordinance adopted under (a) of this section, and, if two or more individuals are eligible  
15 for an exemption for the same parcel, the individuals shall decide between or among  
16 themselves who is to receive the benefit of the exemption.

17 (c) The municipality that adopts the ordinance under (a) of this section may  
18 not request state funds to cover any loss of revenue to the municipality caused by the  
19 ordinance.

20 (d) The ordinance adopted under (a) of this section must define "law  
21 enforcement officer" to include only some or all positions listed in the definition of  
22 "peace officer" in AS 01.10.060 or in the definition of "police officer" in  
23 AS 18.65.290. The ordinance may include other eligibility requirements for an area;  
24 however, an eligible area must

25 (1) meet the eligibility requirements under a federal program of special  
26 assistance for urban development, neighborhood revitalization, or law enforcement,  
27 without regard to whether an application for the federal assistance on behalf of the  
28 area has been made or whether the area has received or is receiving the federal  
29 assistance;

30 (2) have a statistically higher occurrence of crime than the  
31 municipality as a whole; the crime rate for an eligible area must be established in the

1 ordinance; or

2 (3) meet the requirements of (1) and (2) of this subsection.

3 (e) The municipality may establish a specific area as an eligible area for  
4 purposes of this section only in the ordinance adopted under (a) of this section or by  
5 adopting a separate ordinance. The municipality is not required to establish as an  
6 eligible area for purposes of this section every area that meets the requirements of the  
7 ordinance that is adopted under (a) of this section.

8 \* **Sec. 7.** Section 2 of this Act takes effect January 1, 2010.