



LAWS OF ALASKA

2004

Source

CSSB 136(FIN) am

Chapter No.

AN ACT

Relating to a mandatory property tax exemption for certain private property interests on military bases or installations; relating to an optional exclusion or exemption from municipal taxation for residential property; relating to an exemption from and deferral of municipal property taxes on certain types of deteriorated property; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

AN ACT

1 Relating to a mandatory property tax exemption for certain private property interests on
2 military bases or installations; relating to an optional exclusion or exemption from municipal
3 taxation for residential property; relating to an exemption from and deferral of municipal
4 property taxes on certain types of deteriorated property; and providing for an effective date.

5 _____
6 * **Section 1.** AS 29.45.030(a) is amended to read:

7 (a) The following property is exempt from general taxation:

8 (1) municipal property, including property held by a public corporation
9 of a municipality, state property, property of the University of Alaska, or land that is
10 in the trust established by the Alaska Mental Health Enabling Act of 1956, P.L. 84-
11 830, 70 Stat. 709, except that

12 (A) a private leasehold, contract, or other interest in the

1 property is taxable to the extent of the interest; however, an interest created by
2 a nonexclusive use agreement between the Alaska Industrial Development and
3 Export Authority and a user of an integrated transportation and port facility
4 owned by the authority and initially placed in service before January 1, 1999,
5 is taxable only to the extent of, and for the value associated with, those specific
6 improvements used for lodging purposes;

7 (B) notwithstanding any other provision of law, property
8 acquired by an agency, corporation, or other entity of the state through
9 foreclosure or deed in lieu of foreclosure and retained as an investment of a
10 state entity is taxable; this subparagraph does not apply to federal land granted
11 to the University of Alaska under AS 14.40.380 or 14.40.390, to other land
12 granted to the university by the state to replace land that had been granted
13 under AS 14.40.380 or 14.40.390, or to land conveyed by the state to the
14 university under AS 14.40.365;

15 (C) an ownership interest of a municipality in real property
16 located outside the municipality acquired after December 31, 1990, is taxable
17 by another municipality; however, a borough may not tax an interest in real
18 property located in the borough and owned by a city in that borough;

19 (2) household furniture and personal effects of members of a
20 household;

21 (3) property used exclusively for nonprofit religious, charitable,
22 cemetery, hospital, or educational purposes;

23 (4) property of a nonbusiness organization composed entirely of
24 persons with 90 days or more of active service in the armed forces of the United States
25 whose conditions of service and separation were other than dishonorable, or the
26 property of an auxiliary of that organization;

27 (5) money on deposit;

28 (6) the real property of certain residents of the state to the extent and
29 subject to the conditions provided in (e) of this section;

30 (7) real property or an interest in real property that is exempt from
31 taxation under 43 U.S.C. 1620(d), as amended;

1 (8) property of a political subdivision, agency, corporation, or other
2 entity of the United States to the extent required by federal law; except that a private
3 leasehold, contract, or other interest in the property is taxable to the extent of that
4 interest **unless the property is located on a military base or installation and the**
5 **property interest is created under 10 U.S.C. 2871 - 2885 (Military Housing**
6 **Privatization Initiative), provided that the leaseholder enters into an agreement**
7 **to make a payment in lieu of taxes to the political subdivision that has taxing**
8 **authority;**

9 (9) natural resources in place including coal, ore bodies, mineral
10 deposits, and other proven and unproven deposits of valuable materials laid down by
11 natural processes, unharvested aquatic plants and animals, and timber.

12 * **Sec. 2.** AS 29.45.050(a) is amended to read:

13 (a) A municipality may exclude or exempt or partially exempt residential
14 property from taxation by ordinance ratified by the voters at an election. **An**
15 **exclusion or exemption authorized by this subsection may be applied with respect**
16 **to taxes levied in a service area to fund the special services.** An exclusion or
17 exemption authorized by this **subsection** [SECTION] may not exceed the assessed
18 value of **\$20,000** [\$10,000] for any one residence.

19 * **Sec. 3.** AS 29.45.050(o) is amended to read:

20 (o) A municipality may by ordinance partially or totally exempt all or some
21 types of deteriorated property from taxation for up to **10** [FIVE] years beginning on or
22 any time after the day substantial rehabilitation, renovation, **demolition, removal,** or
23 replacement of any structure on the property begins. A municipality may by
24 ordinance permit deferral of payment of taxes on all or some types of deteriorated
25 property for up to five years beginning on or any time after the day substantial
26 rehabilitation, renovation, **demolition, removal** or replacement of any structure on the
27 property begins. However, if the ownership of property for which a deferral has been
28 granted is transferred, all tax payments deferred under this subsection are immediately
29 due and the deferral ends, or, if ownership of any part of the property is transferred, all
30 tax payments are immediately due. The amount deferred each year is a lien on that
31 property for that year. Only one exemption and only one deferral may be granted to

1 the same property under this subsection, and, if an exemption and a deferral are
2 granted to the same property, both may not be in effect on the same portion of the
3 property during the same time. An ordinance adopted under this subsection must
4 include specific eligibility requirements and require a written application for each
5 exemption or deferral. In this subsection, "deteriorated property" means real property
6 that is commercial property not used for residential purposes or that is multi-unit
7 residential property with at least eight residential units, and that **meets one of the**
8 **following requirements:**

9 (1) **within the last five years,** has been the subject of an order by a
10 government agency requiring **environmental remediation of the property or**
11 **requiring** the property to be vacated, condemned, or demolished by reason of
12 noncompliance with laws, ordinances, or regulations;

13 (2) has a structure on it not less than 15 years of age that has
14 undergone substantial rehabilitation, renovation, **demolition, removal,** or
15 replacement, subject to any conditions prescribed in the ordinance; or

16 (3) is located in a deteriorating or deteriorated area with boundaries
17 that have been determined by the municipality.

18 * **Sec. 4.** The uncoded law of the State of Alaska enacted in sec. 2, ch. 8, SLA 1999, as
19 amended by sec. 1, ch. 102, SLA 2002, is amended to read:

20 Sec. 2. AS 29.45.050(o) is repealed July 1, **2010** [2006].

21 * **Sec. 5.** Section 1 of this Act takes effect immediately under AS 01.10.070(c).