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SB 161 Tax Exemption for Farm Use Land **Ver. S Sponsor Statement**

Senate Bill 161, "An Act relating to municipal taxation of farm use land; and providing for an effective date," would amend current Alaska state laws to better support Alaska's food producing farmers and contribute toward increasing Alaska's food security. Specifically, SB 161 would change Alaska's farmland taxation statutes to include farm-related structures and would modernize the qualification requirements to match the U.S. Department of Agriculture's (USDA) definition of a farm.

Alaska faces the persistent challenge of food insecurity, and the state relies heavily on food imports from Outside. A significant portion of Alaska's food comes from ports around Seattle through the Don Young Ports of Alaska, and disruptions in these locations could have severe consequences for local food availability. It is important that we take steps to ensure a more resilient food system in Alaska.

Alaska state law allows farmland to be assessed at the farmland use rate, which can be lower than the highest and best use tax rate for the property. This helps encourage farmers to keep their land in production, rather than selling it or converting it for other uses. It makes sense to include farm buildings, such as barns, in this assessment as they are part of a farm's operations.

Replacing the current statutory qualification that 10 percent of a farm operator's income comes from farm operations with the USDA definition lowers the barrier of entry for start-up farmers and small operations, encouraging growth in the number of in-state food producers. It also protects the privacy of farmers, as they would no longer be required to share information on all of their business interests and sources of income with assessors and would only have to provide a copy of their Schedule F and any documentation necessary to demonstrate that they meet the sales threshold.

The changes in this bill can be found in the Alaska Food Strategy Task Force 2023 Report recommendations for increasing Alaska's food security.