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House of Representatives DISTRICT 8

House Bill 317 – FARM USE LAND/STRUCTURES: TAX EXEMPTION

Sponsor Statement

House Bill 317 is a proactive measure designed to foster a favorable environment for agricultural growth and sustainability in Alaska. By providing tax incentives for farm structures and preserving farm use land, we aim to incentivize farming practices, stimulate economic activity, and strengthen our food production systems.

Alaska is the largest U.S. state, yet it has one of the smallest agricultural industries according to the USDA. As such, the food supply does not yet meet demand. Alaska relies heavily on imported food and is thus more vulnerable to interruptions in the food import supply chain. Currently, only 5% of the food Alaskans consume is produced in Alaska.

House Bill 317 amends current statute giving municipalities the authority to partially or fully exempt farm structures used exclusively for farming activities from taxation. This exemption applies to structures engaged in various farming-related functions, such as crop production, feed storage, and dairy operations.

The Bill also ensures that farm use land and structures dedicated to farming operations are assessed based on their agricultural value, rather than being subject to taxation as if used for non-agricultural purposes. This provision safeguards the integrity of agricultural land and supports its continued use for farming activities.

Alaska statutes currently help with the cost of farming, through limited property tax assessments and local option tax exemptions. 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. HB 317 removes all current statutory requirements that operators have to be commercial farmers, to receive the tax breaks.

HB 317 further requires municipalities, who do not currently give tax rate exemptions for farm use structures, to put the question before their voters in the next general election. The assessment and tax rate changes in HB 317 will lower the barrier of entry for start-up farmers and small operations. Which encourages growth in both commercial farming and farming to feed your family and community.