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Dunmire
2/27/24

CS FOR SENATE BILL NO. 161(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS BJORKMAN, Hughes

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to municipal taxation of farm land and farm structures; and providing
2 for an effective date."

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

4 * **Section 1.** AS 29.45.050(t) is amended to read:

5 (t) A municipality may by ordinance [APPROVED BY THE VOTERS]
6 partially or totally exempt from taxation farm land and farm structures [A FARM
7 STRUCTURE] used [EXCLUSIVELY] for farming activity, or purposes directly
8 related to farming activity, if the farm land or farm structure meets the criteria set
9 out in this subsection. The farm land or farm structure must be [IS] owned or
10 leased by a person that is actively engaged in farming, [AND] that normally
11 produces at least \$1,000 of agricultural products offered for sale, and that files an
12 Internal Revenue Service Schedule F (Form 1040) with the United States Internal
13 Revenue Service. The farm land or farm [DERIVES AT LEAST 10 PERCENT OF
14 THE PERSON'S YEARLY GROSS INCOME FROM FARMING ACTIVITY, AND

THE] structure **must be** [IS] used for

(1) the growing, storage, or processing of grains, fruits, vegetables, or other crops [INTENDED FOR HUMAN CONSUMPTION] and produced by the owner's or lessee's farming activity;

(2) the storage or processing of

(A) feed for livestock;

(B) livestock, poultry, or other animals used in the owner's or lessee's farming activity;

(C) [(B)] milk or milk products produced by the owner's or lessee's farming activity; or

(3) **sheltering**, stabling, or milking the owner's or lessee's dairy animals, **poultry, or livestock**.

* **Sec. 2.** AS 29.45.060(a) is amended to read:

(a) Farm use land, **and structures on farm use land that are used for farm operations**, included in a farm unit and not dedicated or being used for nonfarm purposes shall be assessed on the basis of full and true value for farm use and may not be assessed as if subdivided or used for some other nonfarm purpose. The assessor shall maintain records valuing the land for both full and true value and farm use value. If the land is sold, leased, or otherwise disposed of for uses incompatible with farm use or converted to a use incompatible with farm use by the owner, the owner is liable to pay an amount equal to the additional tax at the current mill levy together with eight percent interest for the preceding seven years, as though the land had not been assessed for farm use purposes. Payment by the owner shall be made to the state to the extent of its reimbursement for revenue loss under (d) of this section for the preceding seven years. The balance of the payment shall be made to the municipality.

* **Sec. 3.** AS 29.45.060(f) is amended to read:

(f) This section does not apply to land for which the owner has granted, and has outstanding, a lease or option to buy the surface rights. A property owner wishing to file for farm use classification having no history of farm-related income may submit a declaration of intent at the time of filing the application with the assessor setting out the intended use of the land and **certifying that the property owner intends to file**

1 an Internal Revenue Service Schedule F (Form 1040) with the United States
2 Internal Revenue Service for the current tax year [THE ANTICIPATED
3 PERCENTAGE OF INCOME]. An applicant using this procedure shall file with the
4 assessor on or before April 15 [FEBRUARY 1] of the following year a copy of the
5 Schedule F (Form 1040) the applicant files with the Internal Revenue Service
6 [NOTARIZED STATEMENT OF THE PERCENTAGE OF GROSS INCOME
7 ATTRIBUTABLE TO THE LAND]. Failure to make a [THE] filing required in this
8 subsection forfeits the exemption.

9 * **Sec. 4.** AS 29.45.060(g) is amended to read:

10 (g) In this section,

11 (1) "farm use" means the use of land for the production of crops,
12 fruits, or other agricultural products for human consumption or for the
13 sustenance or grazing of livestock if the land produces at least \$1,000 of
14 agricultural products during the tax year and those products are offered for sale,
15 or the land would normally produce at least \$1,000 of agricultural products
16 offered for sale during the tax year, and the owner or lessee of the land has filed
17 an Internal Revenue Service Schedule F (Form 1040) with the United States
18 Internal Revenue Service;

19 (2) "livestock" includes cattle, hogs, sheep, goats, chickens,
20 turkeys, pigeons, and other poultry raised to provide meat or other products for
21 human consumption [PROFIT FOR RAISING AND HARVESTING CROPS, FOR
22 THE FEEDING, BREEDING, AND MANAGEMENT OF LIVESTOCK, FOR
23 DAIRYING, OR ANOTHER AGRICULTURAL USE, OR ANY COMBINATION
24 OF THESE. TO BE FARM USE LAND, THE OWNER OR LESSEE MUST BE
25 ACTIVELY ENGAGED IN FARMING THE LAND, AND DERIVE AT LEAST 10
26 PERCENT OF YEARLY GROSS INCOME FROM THE LAND].

27 * **Sec. 5.** AS 29.45.060(c) is repealed.

28 * **Sec. 6.** This Act takes effect immediately under AS 01.10.070(c).