

HOUSE CS FOR CS FOR SENATE BILL NO. 161()**IN THE LEGISLATURE OF THE STATE OF ALASKA****THIRTY-THIRD LEGISLATURE - SECOND SESSION****BY****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 the owner or lessee must**
11 **sell at least \$1,000 of agricultural products produced on the land during the tax**
12 **year, or normally sell at least \$1,000 of agricultural products produced on the**
13 **land during a tax year, and file an Internal Revenue Service Schedule F (Form**
14 **1040) with the United States Internal Revenue Service. The farm land or farm**

1 [THAT DERIVES AT LEAST 10 PERCENT OF THE PERSON'S YEARLY GROSS
2 INCOME FROM FARMING ACTIVITY, AND THE] structure must be [IS] used for

3 (1) the growing, storage, or processing of grains, fruits, vegetables,
4 aquatic farm products as defined in AS 16.40.199, or other crops specified by
5 ordinance [INTENDED FOR HUMAN CONSUMPTION] and produced by the
6 owner's or lessee's farming activity;

7 (2) the storage or processing of

8 (A) feed for livestock;

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

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

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

15 * **Sec. 2.** AS 29.45.050(y) is amended to read:

16 (y) In this section, "farming activity" means raising and harvesting crops;
17 feeding, breeding, and managing livestock; dairying; propagating, farming, or
18 cultivating an aquatic farm product as defined in AS 16.40.199; or any
19 combination of those activities.

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

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

1 seven years. The balance of the payment shall be made to the municipality.

2 * **Sec. 4.** AS 29.45.060(f) is amended to read:

3 (f) This section does not apply to land for which the owner has granted, and
4 has outstanding, a lease or option to buy the surface rights. A property owner wishing
5 to file for farm use classification having no history of farm-related income may submit
6 a declaration of intent at the time of filing the application with the assessor setting out
7 the intended use of the land and certifying that the property owner intends to file
8 an Internal Revenue Service Schedule F (Form 1040) with the United States
9 Internal Revenue Service for the current tax year [THE ANTICIPATED
10 PERCENTAGE OF INCOME]. An applicant using this procedure shall file with the
11 assessor on or before April 15 [FEBRUARY 1] of the following year a copy of the
12 Schedule F (Form 1040) the applicant files with the Internal Revenue Service
13 [NOTARIZED STATEMENT OF THE PERCENTAGE OF GROSS INCOME
14 ATTRIBUTABLE TO THE LAND]. Failure to make a [THE] filing required in this
15 subsection forfeits the exemption.

16 * **Sec. 5.** AS 29.45.060(g) is amended to read:

17 (g) In this section,

18 (1) "farm use" means the use of land for the production of crops,
19 fruits, or other agricultural products for human consumption or for the
20 sustenance or grazing of livestock if the owner or lessee sells at least \$1,000 of
21 agricultural products produced on the land during the tax year, or normally sells
22 at least \$1,000 of agricultural products produced on the land during a tax year,
23 and the owner or lessee of the land files an Internal Revenue Service Schedule F
24 (Form 1040) with the United States Internal Revenue Service;

25 (2) "livestock" includes cattle, hogs, sheep, goats, chickens,
26 turkeys, pigeons, and other poultry raised to provide meat or other products for
27 human consumption [PROFIT FOR RAISING AND HARVESTING CROPS, FOR
28 THE FEEDING, BREEDING, AND MANAGEMENT OF LIVESTOCK, FOR
29 DAIRYING, OR ANOTHER AGRICULTURAL USE, OR ANY COMBINATION
30 OF THESE. TO BE FARM USE LAND, THE OWNER OR LESSEE MUST BE
31 ACTIVELY ENGAGED IN FARMING THE LAND, AND DERIVE AT LEAST 10

1 PERCENT OF YEARLY GROSS INCOME FROM THE LAND].

2 * **Sec. 6.** AS 29.45.060(c) is repealed.

3 * **Sec. 7.** This Act takes effect immediately under AS 01.10.070(c).