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Dunmire  
4/1/24

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

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

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

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

(t) A municipality may by ordinance [APPROVED BY THE VOTERS]  
partially or totally exempt from taxation farm land and farm structures [A FARM  
STRUCTURE] used [EXCLUSIVELY] for farming activity, or purposes directly  
related to farming activity, if the farm land or farm structure meets the criteria set  
out in this subsection. The farm land or farm structure must be [IS] owned or  
leased by a person that is actively engaged in farming, and the owner or lessee must  
sell at least \$1,000 of agricultural products produced on the land during the tax  
year, or normally sell at least \$1,000 of agricultural products produced on the  
land during a tax year, and file an Internal Revenue Service Schedule F (Form  
1040) with the United States Internal Revenue Service. The farm land or farm

[THAT DERIVES AT LEAST 10 PERCENT OF 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, **aquatic farm products as defined in AS 16.40.199,** or other crops **specified by ordinance** [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 29.45.050(y) is amended to read:

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

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

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

(g) In this section,

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

(2) "livestock" includes cattle, hogs, sheep, goats, chickens, turkeys, pigeons, and other poultry raised to provide meat or other products for human consumption [PROFIT FOR RAISING AND HARVESTING CROPS, FOR THE FEEDING, BREEDING, AND MANAGEMENT OF LIVESTOCK, FOR DAIRYING, OR ANOTHER AGRICULTURAL USE, OR ANY COMBINATION OF THESE. TO BE FARM USE LAND, THE OWNER OR LESSEE MUST BE 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).