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SB 161 Tax Exemption for Farm Use Land
Ver. P Sectional Analysis
April 22, 2024

Section 1– Amends AS 29.45.050(t) to add farmland to the property that a municipality may exempt from property taxes, allows exemptions to be approved at the assembly level, and changes the qualification to \$2,500 in annual sales and filing an Internal Revenue Service (IRS) Schedule F. The changes in this section also allow exemptions for aquaculture and for agricultural operations that are not providing food for humans or livestock and gives municipalities discretion in which types of agricultural opportunities to exempt from property taxes.

Section 2 – Amends the definition of farming activity in AS 29.45.050(y) to include propagating, farming, or cultivating aquatic farm products.

Section 3 – Creates a new subsection, AS 29.45.060(z), to provide that an owner or lessee is still eligible to apply for the property tax exemption if the operation does not produce \$2,500 in sales due to circumstances beyond the control of the farmer and if the operation qualified for the exemption the previous three years.

Section 4 – Adds language to AS 29.45.060(a) allowing structures on farmland used for farm operations to what may be assessed at the farmland use tax rate.

Section 5 – Amends AS 29.45.060(b) to change the date assessment applications are due to “on or before May 15” from the current statutory requirement of “before May 15.”

Section 6 – Amends AS 29.45.060(c) to provide that an owner or lessee is still eligible to apply for the farmland use rate if the operation does not produce \$2,500 in sales due to circumstances beyond the control of the farmer and if the operation qualified for the farmland rate the previous three years.

Section 7 – Amends AS 29.45.060(f) to conform to the new assessment qualifications in AS 29.45.060(g) and changes the paperwork submission deadline from February 1 to April 15.

Section 8 - Changes the qualifying definition of a farm in AS 29.45.060(g) to an operation that sells \$2,500 annually in products produced from the farm, files an IRS Schedule F, and produces food for human consumption or to feed livestock.

Section 9 - Provides an immediate effective date.