

Senator Jesse Bjorkman

Alaska State Legislature

Session Address:

Alaska State Capitol, Rm. 9
Juneau, Alaska 99801-1182
Phone: (907) 465-2828
Toll Free: (800) 964-5733



Interim Address:

145 Main Street Loop, Ste. 226
Kenai, Alaska 99611-7771
Phone: (907) 283-7996
Fax: (907) 283-8127

SB 200 Farm & Agricultural Land Assessments

Sponsor Statement Version N

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Senate Bill 200 strengthens Alaska’s agricultural sector by updating state law to better support farmers and contribute to long-term food security. SB 200 clarifies that farms organized as S Corporations are eligible for the existing municipal property tax deferment and expands eligibility to include agricultural operations that do not directly produce food for Alaskans—such as peony farms and hay producers.

Alaska continues to face significant challenges related to food insecurity, relying heavily on imported food from Outside. Expanding and stabilizing in-state agricultural production is essential to addressing this vulnerability. Non-food agricultural operations play a critical role in this effort. They help maintain the supply chains, services, and economies of scale that food-producing farms depend on to remain viable.

Current Alaska law allows farmland to be assessed at the farmland use rate for property tax purposes, which is often lower than the rate based on the property’s fair and true value. This policy encourages farmers to keep their land in active production rather than selling or converting it for other uses. Farm structures, such as barns, are included in this assessment because they are integral to agricultural operations.

Recent legislation modernized eligibility requirements by replacing an outdated system with a simple threshold of \$2,500 in annual agricultural sales, verified through a farm’s IRS Schedule F. While this change lowered barriers for new and small farmers, it unintentionally excluded farms organized as S Corporations, which do not file a Schedule F. SB 200 resolves this issue by allowing S Corporations to submit equivalent financial information in place of the form.

By making these targeted updates, SB 200 supports a broader range of Alaska’s agricultural operations, strengthens the foundation of in-state food production, and helps ensure a more resilient food system for the future.