

HOUSE BILL NO. 267

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE TOMASZEWSKI

Introduced: 1/16/24

Referred: Community and Regional Affairs

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to property exempt from municipal taxation."**

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

3 * **Section 1.** AS 29.45.030(a) is amended to read:

4 (a) The following property is exempt from general taxation:

5 (1) municipal property, including property held by a public corporation
6 of a municipality, state property, property of the University of Alaska, or land that is
7 in the trust established by the Alaska Mental Health Enabling Act of 1956, P.L. 84-
8 830, 70 Stat. 709, except that

9 (A) a private leasehold, contract, or other interest in the
10 property is taxable to the extent of the interest; however, an interest created by
11 an operating agreement or nonexclusive use agreement between the Alaska
12 Industrial Development and Export Authority and a user of a shipyard or an
13 integrated transportation and port facility, if the shipyard or integrated
14 transportation and port facility is owned by the authority and initially placed in
15 service before January 1, 1999, is taxable only to the extent of, and for the

1 value associated with, those specific improvements used for lodging purposes;

2 (B) notwithstanding any other provision of law, property
3 acquired by an agency, corporation, or other entity of the state through
4 foreclosure or deed in lieu of foreclosure and retained as an investment of a
5 state entity is taxable; this subparagraph does not apply to federal land granted
6 to the University of Alaska under AS 14.40.380 or 14.40.390, or to other land
7 granted to the university by the state to replace land that had been granted
8 under AS 14.40.380 or 14.40.390, or to land conveyed by the state to the
9 university under AS 14.40.365;

10 (C) an ownership interest of a municipality in real property
11 located outside the municipality acquired after December 31, 1990, is taxable
12 by another municipality; however, a borough may not tax an interest in real
13 property located in the borough and owned by a city in that borough;

14 (2) household furniture and personal effects of members of a
15 household;

16 (3) property used primarily [EXCLUSIVELY] for nonprofit religious,
17 charitable, cemetery, hospital, or educational purposes;

18 (4) property of a nonbusiness organization composed entirely of
19 persons with 90 days or more of active service in the armed forces of the United States
20 whose conditions of service and separation were other than dishonorable, or the
21 property of an auxiliary of that organization;

22 (5) money on deposit;

23 (6) the real property of certain residents of the state to the extent and
24 subject to the conditions provided in (e) of this section;

25 (7) real property or an interest in real property that is

26 (A) exempt from taxation under 43 U.S.C. 1620(d), as
27 amended or under 43 U.S.C. 1636(d), as amended; or

28 (B) acquired from a municipality in exchange for land that is
29 exempt from taxation under (A) of this paragraph, and is not developed or
30 made subject to a lease;

31 (8) property of a political subdivision, agency, corporation, or other

1 entity of the United States to the extent required by federal law; except that a private
 2 leasehold, contract, or other interest in the property is taxable to the extent of that
 3 interest unless the property is located on a military base or installation and the
 4 property interest is created under 10 U.S.C. 2871 - 2885 (Military Housing
 5 Privatization Initiative), if the leaseholder enters into an agreement to make a payment
 6 in lieu of taxes to the political subdivision that has taxing authority;

7 (9) natural resources in place including coal, ore bodies, mineral
 8 deposits, and other proven and unproven deposits of valuable materials laid down by
 9 natural processes, unharvested aquatic plants and animals, and timber;

10 (10) property not exempt under (3) of this subsection that

11 (A) is owned by a private, nonprofit college or university that is
 12 accredited by a regional or national accrediting agency recognized by the
 13 Council for Higher Education Accreditation or the United States Department
 14 of Education, or both; and

15 (B) was subject to a private leasehold, contract, or other private
 16 interest on January 1, 2010, except that a holder of a private leasehold,
 17 contract, or other interest in the property shall be taxed to the extent of that
 18 interest;

19 **(11) parking lots that are primarily used to serve real property**
 20 **that is exempt under this subsection.**

21 * **Sec. 2.** AS 29.45.030(b) is amended to read:

22 (b) In (a) of this section, "property used **primarily** [EXCLUSIVELY] for
 23 **nonprofit** religious purposes" includes the following property owned by a religious
 24 organization:

25 (1) the residence of an educator in a private religious or parochial
 26 school or a bishop, pastor, priest, rabbi, minister, or religious order of a recognized
 27 religious organization; for purposes of this paragraph, "minister" means an individual
 28 who is

29 (A) ordained, commissioned, or licensed as a minister
 30 according to standards of the religious organization for its ministers; and

31 (B) employed by the religious organization to carry out a

1 ministry of that religious organization;

2 (2) a structure, its furniture, and its fixtures used **primarily** [SOLELY]
3 for public worship, charitable purposes, religious administrative offices, religious
4 education, or a nonprofit hospital;

5 (3) lots required by local ordinance for parking near a structure defined
6 in (2) of this subsection.

7 * **Sec. 3.** AS 29.45.030(c) is repealed and reenacted to read:

8 (c) Property described in (a)(3) or (4) of this section from which income is
9 derived is exempt from general taxation only if the income is from

10 (1) use of the property by a nonprofit religious, charitable, or hospital
11 group;

12 (2) use of the property by an educational group exclusively as
13 classroom space;

14 (3) use of the property for fundraising for a nonprofit religious,
15 charitable, hospital, or educational group; or

16 (4) leasing the property to another person to accomplish the purpose
17 for which the property is exempt; this paragraph does not apply to property owned by
18 an educational group.

19 * **Sec. 4.** AS 29.45.030 is amended by adding new subsections to read:

20 (o) Property described in (a)(3) of this section that is under construction or
21 reconstruction and intended to be used primarily for exempt purposes upon completion
22 is exempt from general taxation if the construction or reconstruction is completed
23 within two years after the date a building or zoning permit is issued for the property.
24 In this subsection, construction or reconstruction is completed on the first day the
25 property is occupied and used for the exempt purpose.

26 (p) Property described in (a)(3) of this section remains exempt from general
27 taxation if the property is used for

28 (1) a purpose that is directly incidental to and vitally necessary for the
29 exempt use of other property; or

30 (2) a nonexempt purpose for an insubstantial period of time.