

HOUSE BILL NO. 317

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES CARPENTER, Tomaszewski

Introduced: 2/9/24

Referred: Community and Regional Affairs

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the municipal tax exemption of farm use land and structures on**
2 **farm use land; requiring a vote in municipalities that do not currently provide a general**
3 **tax exemption for structures used in farming activity; and providing for an effective**
4 **date."**

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

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

7 (t) A municipality may by ordinance approved by the voters partially or totally
8 exempt from taxation a farm structure used exclusively for farming activity, or
9 purposes directly related to farming activity, if the farm structure is owned or leased
10 by a person that is actively engaged in farming [AND THAT DERIVES AT LEAST
11 10 PERCENT OF THE PERSON'S YEARLY GROSS INCOME FROM FARMING
12 ACTIVITY,] and the structure is used for

13 (1) the growing, storage, or processing of grains, fruits, vegetables, or
14 other crops intended for human consumption and produced by the owner's or lessee's

1 farming activity;

2 (2) the storage or processing of

3 (A) feed for livestock, poultry, or other animals used in the
4 owner's or lessee's farming activity;

5 (B) milk or milk products produced by the owner's or lessee's
6 farming activity; or

7 (3) stabling or milking the owner's or lessee's dairy animals.

8 * **Sec. 2.** AS 29.45.060(a) is amended to read:

9 (a) Farm use land, **and structures on farm use land that are used for farm**
10 **operations,** included in a farm unit and not dedicated or being used for nonfarm
11 purposes shall be assessed on the basis of full and true value for farm use and may not
12 be assessed as if subdivided or used for some other nonfarm purpose. The assessor
13 shall maintain records valuing the land for both full and true value and farm use value.
14 If the land is sold, leased, or otherwise disposed of for uses incompatible with farm
15 use or converted to a use incompatible with farm use by the owner, the owner is liable
16 to pay an amount equal to the additional tax at the current mill levy together with eight
17 percent interest for the preceding seven years, as though the land had not been
18 assessed for farm use purposes. Payment by the owner shall be made to the state to the
19 extent of its reimbursement for revenue loss under (d) of this section for the preceding
20 seven years. The balance of the payment shall be made to the municipality.

21 * **Sec. 3.** AS 29.45.060(f) is amended to read:

22 (f) This section does not apply to land for which the owner has granted, and
23 has outstanding, a lease or option to buy the surface rights. [A PROPERTY OWNER
24 WISHING TO FILE FOR FARM USE CLASSIFICATION HAVING NO HISTORY
25 OF FARM-RELATED INCOME MAY SUBMIT A DECLARATION OF INTENT
26 AT THE TIME OF FILING THE APPLICATION WITH THE ASSESSOR
27 SETTING OUT THE INTENDED USE OF THE LAND AND THE ANTICIPATED
28 PERCENTAGE OF INCOME. AN APPLICANT USING THIS PROCEDURE
29 SHALL FILE WITH THE ASSESSOR BEFORE FEBRUARY 1 OF THE
30 FOLLOWING YEAR A NOTARIZED STATEMENT OF THE PERCENTAGE OF
31 GROSS INCOME ATTRIBUTABLE TO THE LAND. FAILURE TO MAKE THE

1 FILING REQUIRED IN THIS SUBSECTION FORFEITS THE EXEMPTION.]

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

3 (g) In this section, "farm use" means the use of land [FOR PROFIT] for
4 raising and harvesting crops, for the feeding, breeding, and management of livestock,
5 for dairying, or **for** another agricultural use, or **for** any combination of these. To be
6 farm use land, the owner or lessee must be actively engaged in farming the land [,
7 AND DERIVE AT LEAST 10 PERCENT OF YEARLY GROSS INCOME FROM
8 THE LAND].

9 * **Sec. 5.** AS 29.45.060(c) is repealed.

10 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 MUNICIPAL VOTE ON FARM STRUCTURE EXEMPTION. Notwithstanding the
13 requirement in AS 29.45.050(t), as amended by sec. 1 of this Act, that a farm structure tax
14 exemption originate by ordinance, a municipality that has not adopted an ordinance partially
15 or totally exempting farm structures from taxation under AS 29.45.050(t) shall, at the next
16 regular election that is at least 20 days after the effective date of this Act, place before the
17 voters of the municipality the question in this section. The question shall appear on the ballot
18 in the following form:

19 Q U E S T I O N

20 Shall [name of municipality] totally exempt from taxation farm
21 structures that are used exclusively for farming activity, or purposes directly
22 related to farming activity, when the farm structure is owned or leased by a
23 person that is actively engaged in farming and the structure is used for

24 (1) the growing, storage, or processing of grains, fruits, vegetables, or
25 other crops intended for human consumption and produced by the owner's or
26 lessee's farming activity;

27 (2) the storage or processing of

28 (A) feed for livestock, poultry, or other animals used in the
29 owner's or lessee's farming activity;

30 (B) milk or milk products produced by the owner's or lessee's
31 farming activity; or

1 (3) stabling or milking the owner's or lessee's dairy animals.

2 Yes [] No []

3 If voters approve the question, the municipality shall totally exempt from taxation a
4 farm structure under AS 29.45.050(t).

5 * **Sec. 7.** This Act takes effect January 1, 2025.