

**CS FOR SENATE BILL NO. 161(CRA)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 3/1/24

Referred: Rules

Sponsor(s): SENATORS BJORKMAN, Hughes

**A BILL**

**FOR AN ACT ENTITLED**

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

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

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

5 (t) A municipality may by ordinance [APPROVED BY THE VOTERS]  
6 partially or totally exempt from taxation **farm land and farm structures** [A FARM  
7 STRUCTURE] used [EXCLUSIVELY] for farming activity, or purposes directly  
8 related to farming activity, if the farm **land or farm** structure **meets the criteria set**  
9 **out in this subsection. The farm land or farm structure must be** [IS] owned or  
10 leased by a person that is actively engaged in farming, [AND] that **normally**  
11 **produces at least \$1,000 of agricultural products offered for sale, and that files an**  
12 **Internal Revenue Service Schedule F (Form 1040) with the United States Internal**  
13 **Revenue Service. The farm land or farm** [DERIVES AT LEAST 10 PERCENT OF  
14 THE PERSON'S YEARLY GROSS INCOME FROM FARMING ACTIVITY, AND

1 THE] structure **must be** [IS] used for

2 (1) the growing, storage, or processing of grains, fruits, vegetables, or  
3 other crops [INTENDED FOR HUMAN CONSUMPTION] and produced by the  
4 owner's or lessee's farming activity;

5 (2) the storage or processing of

6 (A) feed for livestock;

7 **(B) livestock**, poultry, or other animals used in the owner's or  
8 lessee's farming activity;

9 **(C)** [(B)] milk or milk products produced by the owner's or  
10 lessee's farming activity; or

11 (3) **sheltering**, stabling, or milking the owner's or lessee's dairy  
12 animals, **poultry, or livestock**.

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

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

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

27 (f) This section does not apply to land for which the owner has granted, and  
28 has outstanding, a lease or option to buy the surface rights. A property owner wishing  
29 to file for farm use classification having no history of farm-related income may submit  
30 a declaration of intent at the time of filing the application with the assessor setting out  
31 the intended use of the land and **certifying that the property owner intends to file**

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

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

10 (g) In this section,

11 (1) "farm use" means the use of land for the production of crops,  
 12 fruits, or other agricultural products for human consumption or for the  
 13 sustenance or grazing of livestock if the land produces at least \$1,000 of  
 14 agricultural products during the tax year and those products are offered for sale,  
 15 or the land would normally produce at least \$1,000 of agricultural products  
 16 offered for sale during the tax year, and the owner or lessee of the land has filed  
 17 an Internal Revenue Service Schedule F (Form 1040) with the United States  
 18 Internal Revenue Service;

19 (2) "livestock" includes cattle, hogs, sheep, goats, chickens,  
 20 turkeys, pigeons, and other poultry raised to provide meat or other products for  
 21 human consumption [PROFIT FOR RAISING AND HARVESTING CROPS, FOR  
 22 THE FEEDING, BREEDING, AND MANAGEMENT OF LIVESTOCK, FOR  
 23 DAIRYING, OR ANOTHER AGRICULTURAL USE, OR ANY COMBINATION  
 24 OF THESE. TO BE FARM USE LAND, THE OWNER OR LESSEE MUST BE  
 25 ACTIVELY ENGAGED IN FARMING THE LAND, AND DERIVE AT LEAST 10  
 26 PERCENT OF YEARLY GROSS INCOME FROM THE LAND].

27 \* **Sec. 5.** AS 29.45.060(c) is repealed.

28 \* **Sec. 6.** This Act takes effect immediately under AS 01.10.070(c).