

SENATE CS FOR CS FOR HOUSE BILL NO. 347(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES COULOMBE, Tomaszewski, Prax, Story, Carpenter, Rauscher, Hannan, Vance, Josephson, Wright, Allard, Cronk, Saddler

SENATORS Myers, Bjorkman, Kiehl

A BILL

FOR AN ACT ENTITLED

"An Act relating to municipal property tax; relating to assessment of property, boards of equalization, and certification of assessors; and providing for an effective date."

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

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

(e) The real property owned and occupied as the primary residence and permanent place of abode by a resident who is (1) 65 years of age or older; (2) a disabled veteran; or (3) at least 60 years of age and the widow or widower of a person who qualified for an exemption under (1) or (2) of this subsection is exempt from taxation on the first \$450,000 [\$150,000] of the assessed value of the real property. A municipality may by ordinance approved by the voters grant the exemption under this subsection to the widow or widower under 60 years of age of a person who qualified for an exemption under (2) of this subsection or to a resident who is the widow or widower of a person who dies from a service-connected cause sustained while serving as a member of the United States armed forces or as a member of the National Guard. A municipality may, in case of hardship, provide for exemption beyond the first

1 **\$450,000** [\$150,000] of assessed value in accordance with regulations of the
2 department. Only one exemption may be granted for the same property, and, if two or
3 more persons are eligible for an exemption for the same property, the parties shall
4 decide between or among themselves who is to receive the benefit of the exemption.
5 Real property may not be exempted under this subsection if the assessor determines,
6 after notice and hearing to the parties, that the property was conveyed to the applicant
7 primarily for the purpose of obtaining the exemption. The determination of the
8 assessor may be appealed under AS 44.62.560 - 44.62.570. A municipality shall
9 determine the eligibility requirements and application procedure for an optional
10 exemption provided under this subsection. In this subsection, "widow or widower"
11 means a person whose spouse has died and who has not remarried.

12 * **Sec. 2.** AS 29.45.050(a) is amended to read:

13 (a) A municipality may exclude or exempt or partially exempt residential
14 property from taxation by ordinance ratified by the voters at an election. An exclusion
15 or exemption authorized by this subsection may be applied with respect to taxes levied
16 in a service area to fund the special services. An exclusion or exemption authorized by
17 this subsection may not exceed the assessed value of **\$150,000** [\$75,000] for any one
18 residence except that a municipality may, by ordinance, annually adjust the
19 municipality's voter-authorized exemption by the amount calculated by the State
20 Assessor to reflect the increase, if any, in the annual average cost of living, using the
21 United States Department of Labor Consumer Price Index for Urban Alaska.

22 * **Sec. 3.** AS 29.45.050(m) is amended to read:

23 (m) A municipality may by ordinance partially or totally exempt all or some
24 types of economic development property from taxation for a designated period.
25 [EXCEPT AS OTHERWISE PROVIDED BY AN ORDINANCE ENACTED BY
26 THE MUNICIPALITY BEFORE JANUARY 1, 2017, A MUNICIPALITY THAT IS
27 A SCHOOL DISTRICT MAY ONLY EXEMPT ALL OR A PORTION OF THE
28 AMOUNT OF TAXES THAT EXCEEDS THE AMOUNT LEVIED ON OTHER
29 PROPERTY FOR THE SCHOOL DISTRICT'S REQUIRED LOCAL
30 CONTRIBUTION UNDER AS 14.17.410(b)(2).] A municipality may by ordinance
31 permit deferral of payment of taxes on all or some types of economic development

1 property for a designated period. A municipality may apply an exemption or deferral
2 under this subsection to taxes levied for special services in a service area that is
3 supervised by an elected service area board under AS 29.35.460 unless the elected
4 service area board objects to the exemption or deferral by resolution adopted not later
5 than 60 days after the effective date of the municipal ordinance enacting the tax
6 exemption or deferral. A municipality may adopt an ordinance under this subsection
7 only if, before it is adopted, copies of the proposed ordinance made available at a
8 public hearing on it contain written notice that the ordinance, if adopted, may be
9 repealed by the voters through referendum. An ordinance adopted under this
10 subsection must include specific eligibility requirements and require a written
11 application for each exemption or deferral.

12 * **Sec. 4.** AS 29.45.110(a) is amended to read:

13 (a) The assessor shall assess property at its full and true value as of January 1
14 of the assessment year, except as provided in this section, AS 29.45.060, and
15 29.45.230. The full and true value is the estimated price that the property would bring
16 in an open market and under the then prevailing market conditions in a sale between a
17 willing seller and a willing buyer both conversant with the property and with
18 prevailing general price levels. **The assessor shall determine the full and true value**
19 **as provided in standards adopted by the department under (e) of this section or**
20 **another set of standards provided by ordinance.**

21 * **Sec. 5.** AS 29.45.110 is amended by adding a new subsection to read:

22 (e) The department shall adopt standards for assessing the full and true value
23 of property under (a) of this section that are not inconsistent with standards adopted by
24 the International Association of Assessing Officers and update the standards when
25 necessary.

26 * **Sec. 6.** AS 29.45 is amended by adding a new section to read:

27 **Sec. 29.45.115. Assessor certification.** A municipality may not employ an
28 assessor, including a private contractor, unless the assessor has a level 3 certification
29 or higher from the Alaska Association of Assessing Officers or works under the
30 supervision of an individual with a level 3 certification or higher from the Alaska
31 Association of Assessing Officers.

1 * **Sec. 7.** AS 29.45.180(a) is amended to read:

2 (a) A person receiving an assessment notice shall advise the assessor of errors
3 or omissions in the assessment of the person's property. **If requested by the person,**
4 **the assessor or a person designated by the assessor shall meet with the person and**
5 **answer reasonable questions relating to the methods used to assess the person's**
6 **property. The meeting required under this subsection may be virtual or**
7 **telephonic.** The assessor may correct errors or omissions in the roll before the board
8 of equalization hearing.

9 * **Sec. 8.** AS 29.45.200(a) is amended to read:

10 (a) The governing body **shall appoint one or more boards** [SITS AS A
11 BOARD] of equalization for the purpose of hearing an appeal from a determination of
12 the assessor [, OR IT MAY DELEGATE THIS AUTHORITY TO ONE OR MORE
13 BOARDS APPOINTED BY IT]. An appointed board **shall** [MAY] be composed of
14 not less than three persons, who shall be members of the governing body, municipal
15 residents, or a combination of members of the governing body and residents. The
16 governing body shall by ordinance establish the qualifications for membership. **The**
17 **governing body may by ordinance appoint itself to sit as a board of equalization.**

18 * **Sec. 9.** AS 29.45.210(b) is amended to read:

19 (b) The appellant bears the burden of proof. The only grounds for adjustment
20 of assessment are proof of unequal, excessive, improper, or under valuation based on
21 facts that are stated in a valid written appeal or proven at the appeal hearing. **The** [IF
22 A VALUATION IS FOUND TO BE TOO LOW, THE] board of equalization may **not**
23 raise the assessment **in the current year unless requested to do so by the appellant.**
24 **If the appellant provides a long form fee appraisal to support the appellant's**
25 **valuation and the board of equalization does not find in favor of the appellant,**
26 **the board shall make specific findings on the record to support its decision.**

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

29 TRANSITION: REGULATIONS. The Department of Commerce, Community, and
30 Economic Development may adopt regulations necessary to implement the changes made by
31 this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not

1 before the effective date of the law implemented by the regulation.

2 * **Sec. 11.** Section 10 of this Act takes effect immediately under AS 01.10.070(c).

3 * **Sec. 12.** Except as provided in sec. 11 of this Act, this Act takes effect January 1, 2026.