

HOUSE BILL NO. 137

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE HARRIS

Introduced: 2/28/03

Referred: Community and Regional Affairs, Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to municipal assessment and taxation of certain farm use and
2 agricultural use real property; and providing for an effective date."

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

4 * **Section 1.** AS 29.45.060(a) is amended to read:

5 (a) Farm use **real property** [LAND] included in a farm unit and not dedicated
6 or being used for nonfarm purposes shall be assessed **using the method established**
7 **under (g) of this section** on the basis of full and true value for farm use [AND MAY
8 NOT BE ASSESSED AS IF SUBDIVIDED OR USED FOR SOME OTHER
9 NONFARM PURPOSE]. The assessor shall maintain records valuing the **real**
10 **property** [LAND] for both full and true value and farm use value. If the **real**
11 **property** [LAND] is sold, leased, or otherwise disposed of for uses incompatible with
12 farm use or converted to a use incompatible with farm use by the owner, the owner is
13 liable to pay an amount equal to the additional tax at the current mill levy together
14 with eight percent interest for the preceding seven years, as though the **real property**

1 [LAND] had not been assessed for farm use purposes. Payment by the owner shall be
 2 made to the state to the extent of its reimbursement for revenue loss under (d) of this
 3 section for the preceding seven years. The balance of the payment shall be made to
 4 the municipality.

5 * **Sec. 2.** AS 29.45.060(b) is amended to read:

6 (b) An owner of farm use **real property** [LAND] shall, to secure the
 7 assessment under this section, apply to the assessor before May 15 of each year in
 8 which the assessment is desired. The application shall be made upon forms prescribed
 9 by the state assessor for the use of the local assessor [,] and must include information
 10 that may reasonably be required to determine the entitlement of the applicant. If the
 11 **real property** [LAND] is leased for farm use purposes, the applicant shall furnish to
 12 the assessor a copy of the lease bearing the signatures of both lessee and lessor along
 13 with the completed application. The applicant shall furnish the assessor a copy of the
 14 lease covering the period for which the exemption is requested. This subsection does
 15 not apply to a person with an interest in land that is classified by the state for
 16 agricultural use or that is restricted by the state for agricultural purposes.

17 * **Sec. 3.** AS 29.45.060(e) is amended to read:

18 (e) All land that is classified by the state for agricultural use or that is
 19 restricted by the state for agricultural purposes, **together with improvements and**
 20 **personal property affixed to the land,** shall be assessed **using the method**
 21 **established under (g) of this section** on the basis of full and true value based upon
 22 that restricted use.

23 * **Sec. 4.** AS 29.45.060(f) is amended to read:

24 (f) In this section, "farm use" means the use of **real property** [LAND] for
 25 profit for raising and harvesting crops, for the feeding, breeding, and management of
 26 livestock, for dairying, or another agricultural use, or any combination of these. To be
 27 farm use **real property** [LAND], the owner or lessee must be actively engaged in
 28 farming the **property** [LAND,] and derive at least 10 percent of yearly gross income
 29 from the **property** [LAND]. This section does not apply to **real property** [LAND]
 30 for which the owner has granted, and has outstanding, a lease or option to buy the
 31 surface rights. A property owner wishing to file for farm use classification having no

1 history of farm-related income may submit a declaration of intent at the time of filing
2 the application with the assessor **describing** [SETTING OUT] the intended use of the
3 **real property** [LAND] and the anticipated percentage of income. An applicant using
4 this procedure shall file with the assessor before February 1 of the following year a
5 notarized statement of the percentage of gross income attributable to the **real**
6 **property** [LAND]. Failure to make the filing required in this subsection forfeits the
7 exemption.

8 * **Sec. 5.** AS 29.45.060 is amended by adding a new subsection to read:

9 (g) The division of agriculture in the Department of Natural Resources shall
10 adopt regulations under AS 44.62 (Administrative Procedure Act) that establish a
11 method for assessing farm use real property and a method for assessing land classified
12 by the state for agricultural use or restricted by the state for agricultural purposes,
13 together with improvements and personal property affixed to that land, for use by
14 municipal assessors.

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

17 REGULATIONS. The division of agriculture in the Department of Natural Resources
18 may proceed to adopt regulations to implement this Act. The regulations take effect under
19 AS 44.62 (Administrative Procedure Act), but not before the effective date of secs. 1 - 5 of
20 this Act.

21 * **Sec. 7.** Section 6 of this Act takes effect immediately under AS 01.10.070(c).

22 * **Sec. 8.** Sections 1 - 5 of this Act take effect January 1, 2004.