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SENATE CS FOR CS FOR HOUSE BILL NO. 334(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 5/6/06

Referred: Today's Calendar

Sponsor(s): REPRESENTATIVES RAMRAS, Foster

SENATORS Wilken, Dyson, Cowdery, Ben Stevens, Seekins, Huggins

A BILL**FOR AN ACT ENTITLED**

1 "An Act relating to a mandatory exemption for certain residences owned by a religious
 2 organization, to an exemption from and deferral of municipal property taxes for certain
 3 types of deteriorated property, and to an optional deferral of municipal property taxes
 4 on certain primary residences owned and occupied by individuals with incomes at or
 5 below federal poverty guidelines for the state."

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

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

8 (b) In (a) of this section, "property used exclusively for religious purposes"
 9 includes the following property owned by a religious organization:

10 (1) the residence of **an educator in a private religious or parochial**
 11 **school or** a bishop, pastor, priest, rabbi, minister, or religious order of a recognized
 12 religious organization; **for purposes of this paragraph, "minister" means an**
 13 **individual who is**

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

3 **(B) employed by the religious organization to carry out a**
 4 **ministry of that religious organization;**

5 (2) a structure, its furniture, and its fixtures used solely for public
 6 worship, charitable purposes, religious administrative offices, religious education, or a
 7 nonprofit hospital;

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

10 * **Sec. 2.** AS 29.45.050(o) is amended to read:

11 (o) A municipality may by ordinance partially or totally exempt all or some
 12 types of deteriorated property from taxation for up to 10 years beginning on or any
 13 time after the day substantial rehabilitation, renovation, demolition, removal, or
 14 replacement of any structure on the property begins. A municipality may by ordinance
 15 permit deferral of payment of taxes on all or some types of deteriorated property for
 16 up to five years beginning on or any time after the day substantial rehabilitation,
 17 renovation, demolition, removal, or replacement of any structure on the property
 18 begins. However, if the **entire** ownership of property for which a deferral has been
 19 granted is transferred, all tax payments deferred under this subsection are immediately
 20 due and the deferral ends. **Otherwise, deferred tax payments become due as**
 21 **specified by the municipality at the time the deferral is granted** [, OR, IF
 22 OWNERSHIP OF ANY PART OF THE PROPERTY IS TRANSFERRED, ALL
 23 TAX PAYMENTS ARE IMMEDIATELY DUE]. The amount deferred each year is a
 24 lien on that property for that year. Only one exemption and only one deferral may be
 25 granted to the same property under this subsection, and, if an exemption and a deferral
 26 are granted to the same property, both may not be in effect on the same portion of the
 27 property during the same time. An ordinance adopted under this subsection must
 28 include specific eligibility requirements and require a written application for each
 29 exemption or deferral. **An application for a deferral must specify when payment of**
 30 **taxes for each year of deferral will become due, together with an explanation of**
 31 **the reasons for each proposed date for consideration by the municipality.** In this

1 subsection, "deteriorated property" means real property that is commercial property
 2 not used for residential purposes or that is multi-unit residential property with at least
 3 eight residential units, and that meets one of the following requirements:

4 (1) within the last five years, has been the subject of an order by a
 5 government agency requiring environmental remediation of the property or requiring
 6 the property to be vacated, condemned, or demolished by reason of noncompliance
 7 with laws, ordinances, or regulations;

8 (2) has a structure on it not less than 15 years of age that has
 9 undergone substantial rehabilitation, renovation, demolition, removal, or replacement,
 10 subject to any conditions prescribed in the ordinance; or

11 (3) is located in a deteriorating or deteriorated area with boundaries
 12 that have been determined by the municipality.

13 * **Sec. 3.** AS 29.45 is amended by adding a new section to read:

14 **Sec. 29.45.052. Tax deferral for primary residences.** (a) A municipality may
 15 by ordinance provide for the deferral of all taxes on property that is owned, in whole
 16 or in part, by an individual

17 (1) who occupies and has occupied the property for at least 10
 18 consecutive years as the individual's primary residence; and

19 (2) whose income is at or below federal poverty guidelines for the state
 20 set by the United States Department of Health and Human Services.

21 (b) An individual must apply for each year that a deferral is sought and supply
 22 proof of eligibility for the deferral for that year in accordance with requirements set
 23 out in the ordinance that authorizes the deferral. Taxes for a year that are deferred do
 24 not become payable until ownership of the property is transferred from the individual
 25 who obtained the deferral. A municipality that provides for a deferral of property taxes
 26 under this subsection may not impose interest on the taxes deferred between the time
 27 the deferral is granted and the time the taxes become payable.

28 * **Sec. 4.** Section 2, ch. 8, SLA 1999, as amended by sec. 1, ch. 102, SLA 2002, and by sec.
 29 4, ch. 140, SLA 2004, is repealed.