

CS FOR HOUSE BILL NO. 67(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/13/07

Referred: Rules

Sponsor(s): REPRESENTATIVES GRUENBERG AND CHENAULT, Lynn, Olson, Dahlstrom, Foster, Gara, Crawford, Thomas, Wilson

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a mandatory exemption from municipal property taxes for certain
2 college property and to optional exemptions from municipal property taxes for property
3 of certain fraternal organizations and for certain residences of law enforcement officers;
4 and providing for an effective date."

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

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

7 (a) The following property is exempt from general taxation:

8 (1) municipal property, including property held by a public corporation
9 of a municipality, state property, property of the University of Alaska, property of a
10 private, nonprofit four-year college or university that is accredited by a regional
11 or national accrediting agency recognized by the Council for Higher Education
12 Accreditation or the United States Department of Education, or both, and [OR]
13 land that is in the trust established by the Alaska Mental Health Enabling Act of 1956,
14 P.L. 84-830, 70 Stat. 709, except that

1 (A) a private leasehold, contract, or other interest in the
2 property is taxable to the extent of the interest; however, an interest created by
3 a nonexclusive use agreement between the Alaska Industrial Development and
4 Export Authority and a user of an integrated transportation and port facility
5 owned by the authority and initially placed in service before January 1, 1999,
6 is taxable only to the extent of, and for the value associated with, those specific
7 improvements used for lodging purposes;

8 (B) notwithstanding any other provision of law, property
9 acquired by an agency, corporation, or other entity of the state through
10 foreclosure or deed in lieu of foreclosure and retained as an investment of a
11 state entity is taxable; this subparagraph does not apply to federal land granted
12 to the University of Alaska under AS 14.40.380 or 14.40.390, to other land
13 granted to the university by the state to replace land that had been granted
14 under AS 14.40.380 or 14.40.390, or to land conveyed by the state to the
15 university under AS 14.40.365;

16 (C) an ownership interest of a municipality in real property
17 located outside the municipality acquired after December 31, 1990, is taxable
18 by another municipality; however, a borough may not tax an interest in real
19 property located in the borough and owned by a city in that borough;

20 (2) household furniture and personal effects of members of a
21 household;

22 (3) property used exclusively for nonprofit religious, charitable,
23 cemetery, hospital, or educational purposes;

24 (4) property of a nonbusiness organization composed entirely of
25 persons with 90 days or more of active service in the armed forces of the United States
26 whose conditions of service and separation were other than dishonorable, or the
27 property of an auxiliary of that organization;

28 (5) money on deposit;

29 (6) the real property of certain residents of the state to the extent and
30 subject to the conditions provided in (e) of this section;

31 (7) real property or an interest in real property that is exempt from

1 taxation under 43 U.S.C. 1620(d), as amended;

2 (8) property of a political subdivision, agency, corporation, or other
3 entity of the United States to the extent required by federal law; except that a private
4 leasehold, contract, or other interest in the property is taxable to the extent of that
5 interest unless the property is located on a military base or installation and the
6 property interest is created under 10 U.S.C. 2871 - 2885 (Military Housing
7 Privatization Initiative), provided that the leaseholder enters into an agreement to
8 make a payment in lieu of taxes to the political subdivision that has taxing authority;

9 (9) natural resources in place including coal, ore bodies, mineral
10 deposits, and other proven and unproven deposits of valuable materials laid down by
11 natural processes, unharvested aquatic plants and animals, and timber.

12 * **Sec. 2.** AS 29.45.050 is amended by adding a new subsection to read:

13 (s) A municipality may by ordinance ratified by the voters exclude or exempt
14 or partially exempt from taxation the property of a fraternal society, order, or
15 association that is exempt from federal taxes under 26 U.S.C. 501(c)(8) or (10)
16 (Internal Revenue Code) if the property is used predominantly for one or more of the
17 following purposes:

- 18 (1) religious;
19 (2) charitable;
20 (3) scientific;
21 (4) literary;
22 (5) educational; or
23 (6) fraternal.

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

25 **Sec. 29.45.053. Exemption for certain residences of law enforcement**
26 **officers.** (a) A municipality may, by ordinance, provide for the designation of areas
27 within its boundaries that are eligible for tax exemptions on parcels of residential
28 property. The amount of the tax exemption provided in the ordinance may not exceed
29 \$150,000 of the assessed value of a parcel. The exemption may be granted for a parcel
30 only if it is

- 31 (1) entirely within an eligible area;

1 (2) primarily used for residential purposes; and

2 (3) owned and occupied as the primary place of abode by a law
3 enforcement officer.

4 (b) Only one exemption may be granted for the same parcel under an
5 ordinance adopted under (a) of this section, and, if two or more individuals are eligible
6 for an exemption for the same parcel, the individuals shall decide between or among
7 themselves who is to receive the benefit of the exemption.

8 (c) The municipality that adopts the ordinance under (a) of this section may
9 not request state funds to cover any loss of revenue to the municipality caused by the
10 ordinance.

11 (d) The ordinance adopted under (a) of this section must define "law
12 enforcement officer" to include only some or all positions listed in the definition of
13 "peace officer" in AS 01.10.060 or in the definition of "police officer" in
14 AS 18.65.290. The ordinance may include other eligibility requirements for an area;
15 however, an eligible area must

16 (1) meet the eligibility requirements under a federal program of special
17 assistance for urban development, neighborhood revitalization, or law enforcement,
18 without regard to whether an application for the federal assistance on behalf of the
19 area has been made or whether the area has received or is receiving the federal
20 assistance;

21 (2) have a statistically higher occurrence of crime than the
22 municipality as a whole; the crime rate for an eligible area must be established in the
23 ordinance; or

24 (3) meet the requirements of (1) and (2) of this subsection.

25 (e) The municipality may establish a specific area as an eligible area for
26 purposes of this section only in the ordinance adopted under (a) of this section or by
27 adopting a separate ordinance. The municipality is not required to establish as an
28 eligible area for purposes of this section every area that meets the requirements of the
29 ordinance that is adopted under (a) of this section.

30 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
31 read:

1 DIRECTION TO REVISOR. The revisor of statutes shall harmonize the amendment
2 to AS 29.45.030(a) made in sec. 1 of this Act with the amendment made in sec. 3, ch. 117,
3 SLA 2000.

4 * **Sec. 5.** Sections 1 and 4 of this Act take effect January 1, 2008.