

CS FOR HOUSE BILL NO. 67(FIN) am

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Amended: 5/2/07

Offered: 4/13/07

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

A BILL

FOR AN ACT ENTITLED

"An Act relating to a mandatory exemption from municipal property taxes for certain college property, to a mandatory exemption from municipal property taxes for residences of certain widows or widowers, and to optional exemptions from municipal property taxes for property of certain fraternal organizations and for certain residences of law enforcement officers; and providing for an effective date."

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

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

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

(1) municipal property, including property held by a public corporation of a municipality, state property, property of the University of Alaska, property of a private, nonprofit four-year college or university that is accredited by a regional or national accrediting agency recognized by the Council for Higher Education Accreditation or the United States Department of Education, or both, and [OR]

land that is in the trust established by the Alaska Mental Health Enabling Act of 1956, P.L. 84-830, 70 Stat. 709, except that

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

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

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

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

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

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

(5) money on deposit;

(6) the real property of certain residents of the state to the extent and

subject to the conditions provided in (e) of this section;

(7) real property or an interest in real property that is exempt from taxation under 43 U.S.C. 1620(d), as amended;

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

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

* **Sec. 2.** 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 [(1)] resident who is (1) 65 years of age or older; (2) a disabled veteran; [OR] (3) [RESIDENT] at least 60 years of age and [OLD WHO IS] the widow or widower of a person who qualified for an exemption under (1) [OR (2)] of this subsection; or (4) the widow or widower of a person who qualified for an exemption under (2) of this subsection, is exempt from taxation on the first \$150,000 of the assessed value of the real property. A municipality may, in case of hardship, provide for exemption beyond the first \$150,000 of assessed value in accordance with regulations of the department. Only one exemption may be granted for the same property and, if two or more persons are eligible for an exemption for the same property, the parties shall decide between or among themselves who is to receive the benefit of the exemption. Real property may not be exempted under this subsection if the assessor determines, after notice and hearing to the parties, that the property was conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the assessor may be appealed under AS 44.62.560 - 44.62.570.

* **Sec. 3.** AS 29.45.050 is amended by adding a new subsection to read:

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

- (1) religious;
- (2) charitable;
- (3) scientific;
- (4) literary;
- (5) educational; or
- (6) fraternal.

* **Sec. 4.** AS 29.45 is amended by adding a new section to read:

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

- (1) entirely within an eligible area;
- (2) primarily used for residential purposes; and
- (3) owned and occupied as the primary place of abode by a law enforcement officer.

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

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

(d) The ordinance adopted under (a) of this section must define "law enforcement officer" to include only some or all positions listed in the definition of

"peace officer" in AS 01.10.060 or in the definition of "police officer" in AS 18.65.290. The ordinance may include other eligibility requirements for an area; however, an eligible area must

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

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

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

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

*** Sec. 5.** The uncoded law of the State of Alaska is amended by adding a new section to read:

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

*** Sec. 6.** Sections 1, 2, and 5 of this Act take effect January 1, 2008.