

SENATE CS FOR CS FOR HOUSE BILL NO. 67(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 5/11/07

Referred: Finance

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 residences of certain widows or widowers, and to optional exemptions from municipal property taxes for property of certain fraternal organizations, for certain college property, and for certain residential property; 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 [(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. 2.** AS 29.45.050(a) is amended to read:

(a) A municipality may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at an election. An exclusion or exemption authorized by this subsection may be applied with respect to taxes levied in a service area to fund the special services. An exclusion or exemption authorized by this subsection may not exceed the assessed value of \$40,000 [\$20,000] for any one residence.

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

(b) A municipality may by ordinance

(1) classify and exempt from taxation

(A) the property of an organization not organized for business or profit-making purposes and used exclusively for community purposes if the income derived from rental of that property does not exceed the actual cost to the owner of the use by the renter;

(B) historic sites, buildings, and monuments;

(C) land of a nonprofit organization used for agricultural purposes if rights to subdivide the land are conveyed to the state and the conveyance includes a covenant restricting use of the land to agricultural purposes only; rights conveyed to the state under this subparagraph may be conveyed by the state only in accordance with AS 38.05.069(c);

(D) all or any portion of private ownership interests in property that, based upon a written agreement with the University of Alaska, is used exclusively for student housing for the University of Alaska; property may be exempted from taxation under this subparagraph for no longer than 30 years

unless the exemption is specifically extended by ordinance adopted within the six months before the expiration of that period;

(E) 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, that is not subject to the mandatory exemption described in AS 29.45.030(a)(3); however, notwithstanding this exemption, the provisions of AS 29.45.030(a)(1)(A) apply to this property;

(2) classify as to type and exempt or partially exempt some or all types of personal property from ad valorem taxes.

*** Sec. 4.** 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. 5.** 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;

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. 6.** Section 1 of this Act takes effect January 1, 2008.