

SENATE CS FOR CS FOR HOUSE BILL NO. 10(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 4/8/09

Referred: Finance

Sponsor(s): REPRESENTATIVES GRUENBERG, CHENAULT, THOMAS, GARA, HARRIS, AND
KAWASAKI, Richard Foster, Dahlstrom, Lynn, Olson, Gatto, Petersen

SENATOR Meyer

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing a borough to charge a city for costs of collecting certain taxes;
2 relating to a mandatory exemption from municipal property taxes for residences of
3 certain widows or widowers, and to optional exemptions from municipal property taxes
4 for property of certain fraternal organizations, for certain college property, and for
5 certain residential property; providing for an effective date by amending the effective
6 date of sec. 3, ch. 117, SLA 2000, as amended by sec. 2, ch. 74, SLA 2003, and by sec. 3,
7 ch. 67, SLA 2008; and providing for an effective date."

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

9 * **Section 1.** AS 29.35.170(b) is amended to read:

10 (b) **Except as provided in AS 29.45.700, taxes** [TAXES] levied by a city **in a**
11 **borough** shall be collected by **the** [A] borough and returned in full to the levying city.
12 **However, a borough may charge a city a fee for costs of collecting a tax that is not**
13 **also levied by a majority of the cities in the borough or levied by the borough on**
14 **an areawide basis.** This subsection applies to home rule and general law

1 municipalities.

2 * **Sec. 2.** AS 29.45.030(e) is amended to read:

3 (e) The real property owned and occupied as the primary residence and
 4 permanent place of abode by a [(1)] resident who is (1) 65 years of age or older; (2) a
 5 disabled veteran; [OR] (3) [RESIDENT] at least 60 years of age and [OLD WHO IS]
 6 the widow or widower of a person who qualified for an exemption under (1) [OR (2)]
 7 of this subsection; or (4) the widow or widower of a person who qualified for an
 8 exemption under (2) of this subsection, is exempt from taxation on the first
 9 \$150,000 of the assessed value of the real property. A municipality may, in case of
 10 hardship, provide for exemption beyond the first \$150,000 of assessed value in
 11 accordance with regulations of the department. Only one exemption may be granted
 12 for the same property and, if two or more persons are eligible for an exemption for the
 13 same property, the parties shall decide between or among themselves who is to receive
 14 the benefit of the exemption. Real property may not be exempted under this subsection
 15 if the assessor determines, after notice and hearing to the parties, that the property was
 16 conveyed to the applicant primarily for the purpose of obtaining the exemption. The
 17 determination of the assessor may be appealed under AS 44.62.560 - 44.62.570.

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

19 (b) A municipality may by ordinance

20 (1) classify and exempt from taxation

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

25 (B) historic sites, buildings, and monuments;

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

31 (D) all or any portion of private ownership interests in property

1 that, based upon a written agreement with the University of Alaska, is used
 2 exclusively for student housing for the University of Alaska; property may be
 3 exempted from taxation under this subparagraph for no longer than 30 years
 4 unless the exemption is specifically extended by ordinance adopted within the
 5 six months before the expiration of that period;

6 **(E) property of a private, nonprofit four-year college or**
 7 **university that is accredited by a regional or national accrediting agency**
 8 **recognized by the Council for Higher Education Accreditation or the**
 9 **United States Department of Education, or both, that is not subject to the**
 10 **mandatory exemption described in AS 29.45.030(a)(3); however, a private**
 11 **leasehold, contract, or other interest in the property is taxable to the**
 12 **extent of the private interest;**

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

15 * **Sec. 4.** AS 29.45.050 is amended by adding a new subsection to read:

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

- 21 (1) religious;
- 22 (2) charitable;
- 23 (3) scientific;
- 24 (4) literary;
- 25 (5) educational; or
- 26 (6) fraternal.

27 * **Sec. 5.** AS 29.45 is amended by adding a new section to read:

28 **Sec. 29.45.053. Exemption for certain residences of law enforcement**
 29 **officers.** (a) A municipality may, by ordinance, provide for the designation of areas
 30 within its boundaries that are eligible for tax exemptions on parcels of residential
 31 property. The amount of the tax exemption provided in the ordinance may not exceed

1 \$150,000 of the assessed value of a parcel. The exemption may be granted for a parcel
2 only if it is

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

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

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

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

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

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

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

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

1 ordinance that is adopted under (a) of this section.

2 * **Sec. 6.** Section 19, ch. 117, SLA 2000, as amended by sec. 2, ch. 74, SLA 2003, and by
3 sec. 3, ch. 67, SLA 2008, is amended to read:

4 Sec. 19. Section 3 of this Act takes effect November 30, **2012** [2009].

5 * **Sec. 7.** Section 2 of this Act takes effect January 1, 2010.