

SENATE CS FOR CS FOR HOUSE BILL NO. 10(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/10/10

Referred: Rules

**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 relating to mandatory exemptions from municipal property taxes for certain**
2 **assets of the Alaska Industrial Development and Export Authority and for property**
3 **owned by certain private colleges or universities; relating to optional exemptions from**
4 **municipal property taxes for certain residential property; and providing for an effective**
5 **date."**

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

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

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

9 (1) municipal property, including property held by a public corporation
10 of a municipality, state property, property of the University of Alaska, or land that is
11 in the trust established by the Alaska Mental Health Enabling Act of 1956, P.L. 84-
12 830, 70 Stat. 709, except that

13 (A) a private leasehold, contract, or other interest in the
14 property is taxable to the extent of the interest; **however, an interest created**
15 **by a nonexclusive use agreement between the Alaska Industrial**

1 **Development and Export Authority and a user of an integrated**
2 **transportation and port facility owned by the authority and initially**
3 **placed in service before January 1, 1999, is taxable only to the extent of,**
4 **and for the value associated with, those specific improvements used for**
5 **lodging purposes;**

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

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

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

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

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

26 (5) money on deposit;

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

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

31 (8) property of a political subdivision, agency, corporation, or other

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

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

10 **(10) property not exempt under (3) of this subsection that**

11 **(A) is owned by a private or nonprofit college or university**
 12 **that is accredited by a regional or national accrediting agency recognized**
 13 **by the Council for Higher Education Accreditation or the United States**
 14 **Department of Education, or both; and**

15 **(B) was subject to a private leasehold, contract, or other**
 16 **private interest on January 1, 2010.**

17 * **Sec. 2.** AS 29.45.030(a), as amended by sec. 1 of this Act, is amended to read:

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

19 (1) municipal property, including property held by a public corporation
 20 of a municipality, state property, property of the University of Alaska, or land that is
 21 in the trust established by the Alaska Mental Health Enabling Act of 1956, P.L. 84-
 22 830, 70 Stat. 709, except that

23 (A) a private leasehold, contract, or other interest in the
 24 property is taxable to the extent of the interest; [HOWEVER, AN INTEREST
 25 CREATED BY A NONEXCLUSIVE USE AGREEMENT BETWEEN THE
 26 ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY
 27 AND A USER OF AN INTEGRATED TRANSPORTATION AND PORT
 28 FACILITY OWNED BY THE AUTHORITY AND INITIALLY PLACED IN
 29 SERVICE BEFORE JANUARY 1, 1999, IS TAXABLE ONLY TO THE
 30 EXTENT OF, AND FOR THE VALUE ASSOCIATED WITH, THOSE
 31 SPECIFIC IMPROVEMENTS USED FOR LODGING PURPOSES;]

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

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

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

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

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

21 (5) money on deposit;

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

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

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

1 make a payment in lieu of taxes to the political subdivision that has taxing authority;

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

5 (10) property not exempt under (3) of this subsection that

6 (A) is owned by a private or nonprofit college or university that
7 is accredited by a regional or national accrediting agency recognized by the
8 Council for Higher Education Accreditation or the United States Department
9 of Education, or both; and

10 (B) was subject to a private leasehold, contract, or other private
11 interest on January 1, 2010.

12 * **Sec. 3.** AS 29.45.030(a), as amended by secs. 1 and 2 of this Act, is amended to read:

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

14 (1) municipal property, including property held by a public corporation
15 of a municipality, state property, property of the University of Alaska, or land that is
16 in the trust established by the Alaska Mental Health Enabling Act of 1956, P.L. 84-
17 830, 70 Stat. 709, except that

18 (A) a private leasehold, contract, or other interest in the
19 property is taxable to the extent of the interest;

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

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

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

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

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

9 (5) money on deposit;

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

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

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

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

24 (10) property not exempt under (3) of this subsection that

25 [(A)] is owned by a private or nonprofit college or university
26 that is accredited by a regional or national accrediting agency recognized by
27 the Council for Higher Education Accreditation or the United States
28 Department of Education, or both, **except that a private leasehold, contract,
29 or other interest in the property is taxable to the extent of the private
30 interest** [; AND

31 (B) WAS SUBJECT TO A PRIVATE LEASEHOLD,

1 CONTRACT, OR OTHER PRIVATE INTEREST ON JANUARY 1, 2010].

2 * **Sec. 4.** 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] the
 6 widow or widower of a person who qualified for an exemption under (1) or (2) of this
 7 subsection [,] is exempt from taxation on the first \$150,000 of the assessed value of
 8 the real property. A municipality may by ordinance approved by the voters grant
 9 the exemption under this subsection to the widow or widower under 60 years of
 10 age of a person who qualified for an exemption under (2) of this subsection. A
 11 municipality may, in case of hardship, provide for exemption beyond the first
 12 \$150,000 of assessed value in accordance with regulations of the department. Only
 13 one exemption may be granted for the same property and, if two or more persons are
 14 eligible for an exemption for the same property, the parties shall decide between or
 15 among themselves who is to receive the benefit of the exemption. Real property may
 16 not be exempted under this subsection if the assessor determines, after notice and
 17 hearing to the parties, that the property was conveyed to the applicant primarily for the
 18 purpose of obtaining the exemption. The determination of the assessor may be
 19 appealed under AS 44.62.560 - 44.62.570.

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

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

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

31 (b) Only one exemption may be granted for the same parcel under an

1 ordinance adopted under (a) of this section, and, if two or more individuals are eligible
 2 for an exemption for the same parcel, the individuals shall decide between or among
 3 themselves who is to receive the benefit of the exemption.

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

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

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

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

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

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

26 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
 27 read:

28 **RETROACTIVITY.** AS 29.45.030(a)(1)(A), as amended by sec. 1 of this Act, is
 29 retroactive to November 30, 2009.

30 * **Sec. 7.** Sections 1 and 6 of this Act take effect immediately under AS 01.10.070(c).

31 * **Sec. 8.** Section 2 of this Act takes effect November 30, 2012.

1 * **Sec. 9.** Section 3 of this Act takes effect December 31, 2035.