

Offered: 4/7/76  
Referred: Finance

Original Sponsors: Bowman, Bradner and Kelley

1 IN THE HOUSE

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

2 SENATE CS FOR CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 65

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to assessment of real property for  
7 local taxation."

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

9 \* Section 1. AS 29.53 is amended by adding a new section to read:

10 Sec. 29.53.038. DIFFERENTIAL ASSESSMENT OF UNDEVELOPED LAND. (a)

11 A person owning a single parcel or tract of undeveloped land exceeding  
12 three acres but not exceeding 160 acres, upon which the owner has main-  
13 tained his permanent abode for a period of 10 years, qualifies for assess-  
14 ment under this section.

15 (b) Application for and approval of an assessment under this section  
16 constitutes an agreement between the owner and the municipality that the  
17 owner waives his right to subdivide, develop, or convert to a use incon-  
18 sistent with the provisions of this section the property that is the  
19 subject of the assessment. The owner shall immediately notify the munic-  
20 ipality of any change in the character or use of the property.

21 (c) Land qualifying for assessment under this section shall be  
22 assessed only upon the full and true value of those remaining rights and  
23 interests to which the owner has title after waiver of his right to sub-  
24 divide or develop the land. The local assessor shall maintain separate  
25 assessment records valuing the land at its full and true value and at its  
26 value without development or subdivision rights.

27 (d) To secure the assessment under this section, an owner of unde-  
28 veloped land must make application to the local assessor before  
29 February 1 of each year in which the assessment is desired. The

1 application shall be made on forms prepared and supplied to the municipi-  
2 pality by the state assessor and shall include information which may  
3 reasonably be required to determine the entitlement of the applicant.  
4 Failure to make timely application forfeits the assessment.

5 (e) Land qualifying for assessment under this section may be sold  
6 or alienated without penalty if the successor in interest is a person  
7 who owns or occupies the property as his permanent abode and if his use  
8 of the land complies with the provisions of this section. The grantor  
9 shall immediately notify the municipality of any change in the title to  
10 the property.

11 (f) Should land which is the subject of the assessment provided in  
12 this section be developed, subdivided, or converted to a use inconsistent  
13 with the provisions of this section, the owner of the property having  
14 the benefit of the assessment shall be liable for an amount equivalent to  
15 the total amount of taxes which would be due on the land if calculated at  
16 the highest rate of levy during the period the property was assessed  
17 under this section, to a maximum of 10 years, plus annual interest at  
18 the current rate of interest for small business loans authorized by AS  
19 45.95.

20 (g) Subject to legislative appropriation for the purpose, the  
21 Department of Community and Regional Affairs shall reimburse a municipi-  
22 pality for the real property tax revenues which it would receive but for  
23 the operation of this section. If amounts appropriated in a given fiscal  
24 year are insufficient to reimburse the municipality for the full amount  
25 authorized to it under this subsection for that year, such amount as is  
26 appropriated shall be distributed pro rata among the eligible municipi-  
27 palities.

28 (h) At the time of reimbursement by the state as provided in this  
29 section, there shall be recorded against the property a lien in favor of

1 the state. The lien is prior to other liens except for general taxes  
2 and other special assessments and shall be effective as to other liens  
3 when recorded in the recording office of the district within which the  
4 property lies. The lien shall be for the amount of deferred property  
5 taxes and shall provide that interest at the current rate of interest  
6 for small business loans authorized under AS 45.95 shall be added to  
7 the deferred taxes. The lien shall be payable by the owner of record  
8 at the time the land is developed, subdivided or converted to use incon-  
9 sistent with the provisions of this section. Payment shall be made to  
10 the state to the extent of its reimbursement to the municipality and  
11 to the extent of the share of the interest payable that is proportional  
12 to the reimbursement by the state to the municipality of the total  
13 amount of deferred taxes. The balance of the payment shall be made to  
14 the municipality as appropriate.

15 (i) A municipality may exempt itself from the provisions of this  
16 section if a majority of the voters voting on the question at a regular  
17 election vote to exempt the municipality from the requirements of this  
18 section. The question of exemption may be submitted by the governing  
19 body of the municipality by ordinance. Subsequent voter ratification  
20 of an ordinance exempting a municipality from the provisions of this  
21 section does not relieve the owner of the property having the benefit of  
22 the assessment from the provisions of (h) of this section.

23 (j) In this section

24 (1) "deferred taxes" means the difference between the taxes  
25 paid for the full and true value of the land as assessed under this  
26 section and those that would have been paid if the land had been assessed  
27 at its full and true market value under sec. 60(a) of this chapter;

28 (2) "person" means a natural person, but includes a husband  
29 and wife owning as joint tenants;

1 (3) "undeveloped land" means land which has remained substan-  
2 tially unchanged in character from its natural state as evidenced by a  
3 lack of commercial or economic use, construction, development or other  
4 utilization; however, each of the following is not considered develop-  
5 ment for purposes of this section:

6 (A) use of the land for not more than one single family  
7 residence;

8 (B) inconsequential personal uses incidental to the  
9 ownership of the land;

10 (C) use of the land for farm or agricultural purposes  
11 as defined in AS 29.53.035(c).

12 \* Sec. 2. AS 29.53.060(a) is amended to read:

13 (a) The assessor shall assess property at its full and true value  
14 as of January 1 of the assessment year, except as provided in this sec-  
15 tion and secs. 30, 35, 38, and 160 of this chapter. The full and true  
16 value is the estimated price which the property would bring in an open  
17 market and under the then prevailing market conditions in a sale between  
18 a willing seller and a willing buyer both conversant with the property  
19 and with prevailing general price levels.  
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