

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 159

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to exemptions from, deferments of,
7 and payments relating to, municipal property taxes;
8 and providing for an effective date."

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

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

11 (e) A property tax exemption on [THE] real property owned and
12 occupied as the primary residence and permanent place of abode by a
13 (1) resident 65 years of age or older; (2) disabled veteran; or (3)
14 resident at least 60 years old who is the widow or widower of a person
15 [WHO] qualified for an exemption under (1) or (2) of this subsection,
16 is computed according to the exemption percentage schedule set out in
17 this subsection [EXEMPT FROM TAXATION ON THE FIRST \$150,000 OF AS-
18 SESSED VALUE OF THE REAL PROPERTY]. A municipality may, in a case of
19 hardship, provide for a property tax exemption beyond the amount
20 provided for in the exemption percentage schedule set out in this
21 subsection [FIRST \$150,000 OF THE ASSESSED VALUE] in accordance with
22 regulations of the department. Only one exemption may be granted for
23 the same property and, if two or more persons are eligible for an
24 exemption for the same property, the parties shall decide between or
25 among themselves who is to receive the benefit of the exemption. Real
26 property tax may not be exempted under this subsection if the local
27 assessor determines, after notice and hearing to the parties, that the
28 property was conveyed to the applicant primarily for the purpose of
29 obtaining the exemption. The determination of the local assessor may

1 be appealed under AS 44.62.560 -- 44.62.570. For the purpose of
2 determining the amount of the property tax exemption provided under
3 this section, the exemption percentage is as follows:

| 4 <u>If the annual household income is</u> | 5 <u>Then the property tax</u> <u>exemption percentage is</u> |
|--|--|
| 6 <u>less than \$15,000</u> | 100 |
| 7 <u>at least \$15,000 but less than \$20,000</u> | 85 |
| 8 <u>at least \$20,000 but less than \$25,000</u> | 70 |
| 9 <u>at least \$25,000 but less than \$30,000</u> | 55 |
| 10 <u>at least \$30,000 but less than \$35,000</u> | 40 |
| 11 <u>at least \$35,000 but less than \$40,000</u> | 25 |
| 12 <u>at least \$40,000 but less than \$45,000</u> | 15 |
| 13 <u>at least \$45,000 but less than \$50,000</u> | 10 |
| 14 <u>\$50,000 or more</u> | 0 |

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

16 (f) An exemption may not be granted under (e) of this section
17 except upon written application for the exemption on a form approved
18 by the state assessor for use by local assessors. The claimant must
19 file the application no later than June 1 [JANUARY 15, OR A DATE PRO-
20 VIDED BY ORDINANCE THAT IS NOT LATER THAN MARCH 31,] of the assessment
21 year for which the exemption is sought. The governing body of the
22 municipality for good cause shown may waive during a year the claim-
23 ant's failure to make timely application for exemption for that year
24 and authorize the local assessor to accept the application as if time-
25 ly filed. The claimant must file a separate application for each as-
26 sessment year in which the exemption is sought. If an application is
27 filed within the required time and is approved by the local assessor,
28 the local assessor shall allow an exemption in accordance with the
29 provisions of this section. If a failure to file by June 1 [JANUARY

1 15, OR A DATE PROVIDED BY ORDINANCE THAT IS NOT LATER THAN MARCH 31,]
2 of the assessment year has been waived as provided in this subsection
3 and the application for exemption is approved, the amount of tax that
4 the claimant has already paid for the assessment year for the property
5 exempted must [SHALL] be refunded to the claimant. The local assessor
6 shall require proof in the form the local assessor considers necessary
7 of the right to and amount of an exemption claimed under (e) of this
8 section, and shall require a disabled veteran claiming an exemption
9 under (e) of this section to provide evidence of the disability rat-
10 ing. The local assessor may require proof under this section at any
11 time.

12 * Sec. 3. AS 29.45.030(h) is amended to read:

13 (h) Except as provided in (g) of this section, nothing in (e) --
14 (j) of this section affects senior citizen and disabled veteran [SIMI-
15 LAR] exemptions from property taxes granted by a municipality on
16 September 10, 1972, or prevents a municipality from granting senior
17 citizen and disabled veteran [SIMILAR] exemptions by ordinance as
18 provided in AS 29.45.050.

19 * Sec. 4. AS 29.45.030(i) is amended to read:

20 (i) In (e) -- (i) of this section

21 (1) "disabled veteran" means a disabled person separated
22 from the military service of the United States under a condition that
23 is not dishonorable who is a resident of the state, whose disability
24 was incurred or aggravated in the line of duty in the military service
25 of the United States, and whose disability has been rated as 50 per-
26 cent or more by the branch of service in which that person served or
27 by the Veterans' Administration;

28 (2) "real property" includes but is not limited to mobile
29 homes, whether classified as real or personal property for municipal

1 tax purposes;

2 (3) "annual household income" means the total annual earned
3 and unearned income of persons in a household;

4 (4) "household" includes an applicant under (f) of this
5 section and the applicant's spouse, children, and grandchildren who
6 occupy the same property as the applicant as their primary residence
7 and permanent place of abode;

8 (5) "local assessor" means the assessor of a municipality.

9 * Sec. 5. AS 29.45.060(a) is repealed and reenacted to read:

10 (a) A municipality may, by ordinance approved by the voters,
11 assess farm use land on the basis of full and true value for farm use.

12 * Sec. 6. AS 29.45.060(c) is amended to read:

13 (c) In this section "farm use" means the use of land for profit
14 for raising and harvesting crops, for the feeding, breeding, and man-
15 agement of livestock, for dairying, or another agricultural use, or
16 any combination of these. To be farm use land, the land must be in-
17 cluded in a farm unit and must not be dedicated to or used for nonfarm
18 purposes. The [THE] owner or lessee must be actively engaged in farm-
19 ing the land, and derive at least 10 percent of yearly gross income
20 from the land. This section does not apply to land for which the
21 owner has granted, and has outstanding, a lease or option to buy the
22 surface rights. A property owner who wishes [WISHING] to file for
23 farm use classification, but who has [HAVING] no history of farm-
24 related income, may submit a declaration of intent at the time of
25 filing the application with the local assessor, setting out the in-
26 tended use of the land and the anticipated percentage of income. An
27 applicant using this procedure shall file with the local assessor
28 before February 1 of the following year a notarized statement of the
29 percentage of gross income attributable to the land. Failure to make

1 the filing required in this subsection forfeits the exemption.

2 * Sec. 7. AS 29.45.060 is amended by adding a new subsection to read:

3 (f) If farm use land that was assessed on the basis of full and
4 true value for farm use before May 16, 1988, is leased, sold, or oth-
5 erwise disposed of by the owner for uses incompatible with farm use,
6 the owner is liable to pay an amount equal to the additional tax at
7 the current mill levy, together with eight percent interest for the
8 preceding seven years, as though the land had not been assessed for
9 farm use purposes. Payment by the owner must be made to the state to
10 the extent of its reimbursement of the municipality's revenue loss for
11 the preceding seven years. The balance of the payment must be made to
12 the municipality.

13 * Sec. 8. AS 29.45.060(b) and (e) are repealed.

14 * Sec. 9. This Act applies to assessment years beginning after December
15 1988.

16 * Sec. 10. AS 29.45.060(f), enacted in sec. 7 of this Act, is repealed.

17 * Sec. 11. Sections 1 -- 9 of this Act take effect January 1, 1989.

18 * Sec. 12. Section 10 of this Act takes effect January 1, 1995.