CS FOR SENATE BILL NO. 70 (FINANCE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: **3/29/91**
Referred: **Rules**

Sponsor(s): **SENATOR PEARCE**

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to taxation by municipalities of certain property of governmental entities;**
2 **and providing for an effective date."**

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

4 *** Section 1.** AS 14.25.200(a) is amended to read:
5 (a) **<u>Except as provided in AS 29.45.030(a)(1), member</u>** [MEMBER] contributions and
6 other amounts held in the system on behalf of a member or other person who is or may become
7 eligible for benefits under the system are exempt from Alaska state and municipal taxes and are
8 not subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge
9 of any kind, either voluntary or involuntary, before they are received by the person entitled to
10 the amount under the terms of the system, and any attempt to anticipate, alienate, sell, transfer,
11 assign, pledge, encumber, charge, or otherwise dispose of any right to amounts accrued in the
12 system is void. However, a member's right to receive benefits may be assigned under a qualified
13 domestic relations order.
14 *** Sec. 2.** AS 29.45.030(a) is amended to read:

1 (a) The following property is exempt from general taxation:
2 (1) municipal **or** [,] state [, OR FEDERALLY OWNED] property, except that
3 **(A)** a private leasehold, contract, or other interest in the property is taxable
4 to the extent of the interest;
5 **(B) notwithstanding any other provision of law, property acquired by**
6 **an agency, corporation, or other entity of the state through foreclosure or deed in**
7 **lieu of foreclosure and retained as an investment of a state entity is taxable;**
8 **(C) an ownership interest of a municipality in real property located**
9 **outside the municipality acquired after December 31, 1990, is taxable by another**
10 **municipality; however, a borough may not tax an interest in real property located**
11 **in the borough and owned by a city in that borough;**
12 (2) household furniture and personal effects of members of a household;
13 (3) property used exclusively for nonprofit religious, charitable, cemetery,
14 hospital, or educational purposes;
15 (4) property of a nonbusiness organization composed entirely of persons with 90
16 days or more of active service in the armed forces of the United States whose conditions of
17 service and separation were other than dishonorable, or the property of an auxiliary of that
18 organization;
19 (5) money on deposit;
20 (6) the real property of certain residents of the state to the extent and subject to
21 the conditions provided in (e) of this section;
22 (7) real property or an interest in real property that is exempt from taxation under
23 43 U.S.C. 1620(d), as amended;
24 **(8) property of a political subdivision, agency, corporation, or other entity**
25 **of the United States to the extent required by federal law; except that a private leasehold,**
26 **contract, or other interest in the property is taxable to the extent of that interest**.
27 * **Sec. 3.** AS 29.45 is amended by adding a new section to read:
28 Sec. 29.45.295. COLLECTION OF DELINQUENT TAXES ON CERTAIN
29 GOVERNMENTAL PROPERTY. AS 29.45.300 - 29.45.490 do not apply to property taxable
30 under AS 29.45.030(a)(1)(B) or (C) or to federal property not exempted under
31 AS 29.45.030(a)(8). A municipality may bring an action in the superior court to compel payment

of property taxes due from the state, municipal, or federal entity if the entity does not pay the amount due within six months after the date that the taxes are due.

* **Sec. 4.** AS 39.35.500 is amended to read:

Sec. 39.35.500. SAFEGUARD OF EMPLOYEE FUNDS HELD BY THE SYSTEM. **Except as provided in AS 29.45.030(a)(1), employee** [EMPLOYEE] contributions and other amounts held in the system are exempt from Alaska state and local taxes. Amounts held on behalf of, or payable to, any employee or other person who is or may become eligible for benefits under the system are not subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge of any kind, either voluntary or involuntary, before being received by the person entitled to the amount under the terms of the system. An attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of a right to amounts held under the system is void. However, an employee's right to receive benefits may be assigned under a qualified domestic relations order.

* **Sec. 5.** AS 44.88.140(a) is amended to read:

(a) **Except as provided in AS 29.45.030(a)(1), the** [THE] real and personal property of the authority and its assets, income, and receipts are declared to be the property of a political subdivision of the state and, together with any project or development project financed under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177, and a leasehold interest created in a project or development project financed under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177, devoted to an essential public and governmental function and purpose, and the property, assets, income, receipts, project, development project, and leasehold interests shall be exempt from all taxes and special assessments of the state or a political subdivision of the state, including, without limitation, all boroughs, cities, municipalities, school districts, public utility districts and other taxing units. All bonds of the authority are declared to be issued by a political subdivision of the state and for an essential public and governmental purpose and to be a public instrumentality, and the bonds, and the interest on them, the income from them and the transfer of the bonds, and all assets, income and receipts pledged to pay or secure the payments of the bonds, or interest on them, shall at all times be exempt from taxation by or under the authority of the state, except for inheritance and estate taxes and taxes on transfers by or in contemplation of death. Nothing in this section affects or limits an exemption from license fees, property taxes, or excise, income or any other taxes, provided under any other law, nor does it create a tax exemption with respect

1 to the interest of any business enterprise or other person, other than the authority, in any property,
2 assets, income, receipts, project, development project, or lease whether or not financed under this
3 chapter. By January 10 of each year, the authority shall submit to the governor and the
4 legislature a report describing the nature and extent of the tax exemption of the property, assets,
5 income, receipts, project, development project and leasehold interests of the authority under this
6 section.
7 * **Sec. 6.** This Act takes effect January 1, 1992.