

# COMMITTEE REPORT

4/27/76

## HOUSE

Mr. Speaker:

Date 5-26-76

The Committee on FINANCE has had SB 529 am

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH HCS FOR SB 529 AND THAT

HCS FOR SB 29 (2-1-76) DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

[Signature] Chairman

Original sponsor: Rules Committee  
by request of the Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 529 (Finance)

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 property tax exemptions; and pro-  
7 viding for an effective date."

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

9 \* Section 1. AS 29.53.020(g) and (h) are amended to read:

10 (g) The state shall reimburse a borough or city, as appropriate,  
11 for the real property tax revenues lost to it by the operation of (e)  
12 of this section. However, reimbursement will be made to a borough or  
13 city for revenue lost to it only to the extent that the loss exceeds  
14 an exemption which was granted by the borough or city, or which upon  
15 proper application by an individual would have been granted by the  
16 borough or city, under sec. 25(a) of this chapter.

17 (h) Except as provided in (g) of this section, nothing [NOTHING]  
18 in (e) - (i) of this section affects similar exemptions from property  
19 taxes granted by municipalities on September 10, 1972 or prevents  
20 municipalities from granting similar exemptions by ordinance as provided  
21 in sec. 25 of this chapter. [HOWEVER, UNDER (e) - (i) OF THIS SECTION  
22 ONLY THE AMOUNT OF REVENUE LOST TO THE MUNICIPALITY BY REASON OF THE  
23 EXEMPTION AUTHORIZED IN THOSE PROVISIONS MAY BE REIMBURSED TO THE MUNI-  
24 CIPALITY BY THE STATE.]

25 \* Sec. 2. AS 29.53.035(a) is amended to read:

26 (a) Farm use lands included in a farm unit and not dedicated or  
27 being used for nonfarm purposes shall be assessed on the basis of full  
28 and true value for farm use, and shall not be assessed as if subdivided  
29 or used for some other nonfarm purpose. The assessor shall maintain

1 records valuing the farm use land for both full and true value and farm  
2 use value. Should the farm use land be sold, leased, or otherwise  
3 disposed of [,] for uses incompatible with farm use [OTHER THAN FARM USE  
4 PURPOSES] or be converted to a use incompatible with farm use [NONFARM  
5 USE] by the owner, the owner shall be liable to pay an amount equal to  
6 the additional tax at the current mill levy together with eight [FIVE]  
7 per cent interest for the preceding seven years, as though the land had  
8 not been assessed for farm use purposes. Payment by the owner shall be  
9 made to the state to the extent of its reimbursement for revenue loss  
10 under (e) of this section for the preceding seven years. The balance  
11 of the payment shall be made to the city or borough. The Department of  
12 Community and Regional Affairs shall, at the time of reimbursement, file  
13 a lien on each farm unit in favor of the state for that unit's pro rata  
14 portion of the amount reimbursed under this section. Each lien is  
15 effective for seven years after the date it is filed.

16 \* Sec. 3. AS 29.53.035(b) and (c) are amended to read:

17 (b) An owner of farm use land must, to secure the assessment,  
18 make application to the assessor before February 1 of each year in which  
19 the assessment is desired, but during the same year the governing body  
20 of the municipality for good cause shown may waive the claimant's failure  
21 to make timely application for the exemption for that year and authorize  
22 the assessor to accept the application as if timely filed. The appli-  
23 cation shall be made upon forms prescribed by the state assessor for the  
24 use of the local assessor and shall include information which may  
25 reasonably be required to determine the entitlement of the applicant.  
26 If the farm use land is leased for farm use purposes, the applicant  
27 shall furnish to the assessor a copy of the lease bearing the signatures  
28 of both lessee and lessor along with the completed application. The  
29 applicant shall furnish the assessor a copy of the lease covering the

1 period for which the exemption is requested.

2 (c) In this section "farm use" means the use of land for raising  
3 and harvesting crops or for the feeding, breeding and management of  
4 livestock or for dairying or another agricultural use for profit or any  
5 combination thereof. To be farm use land, the owner or the lessee must  
6 be actively engaged in farming the land [,] and derive a minimum of \$25  
7 gross farm income per acre yearly or at least 10 per cent of his yearly  
8 gross income from the farm use land except if a crop failure caused by  
9 an act of God occurred the previous year the land is farm use land if  
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12 derived from farming for each of the past three years. The provisions  
13 of this section do not apply to land respecting which the owner has  
14 granted, and has outstanding, a lease or option to buy the surface  
15 rights. A property owner wishing to file for farm use classification  
16 having no history of farm-related income may submit a declaration of  
17 intent at the time of filing the application with the assessor setting  
18 out the intended use of the land and the anticipated [PERCENTAGE OF]  
19 income. An applicant using this procedure shall file with the assessor  
20 before February 1 of the following year a notarized statement of the  
21 [PERCENTAGE OF] gross income attributable to the farm use land. Failure  
22 to make the filing required in this subsection forfeits the exemption.

23 \* Sec. 4. Section 2 of this Act is retroactive to January 1, 1975.

24 \* Sec. 5. This Act takes effect immediately in accordance with AS 01.10.--

25 070(c).

Original sponsor: Rules Committee  
by request of the Governor

Offered: 4/27/76  
Referred: Finance

1 IN THE SENATE BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 529  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

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Referred: Community and  
Regional Affairs

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14 \* Sec. 4. Section 3 of this Act is retroactive to January 1, 1975.

15 \* Sec. 5. This Act takes effect immediately in accordance with AS 01.-  
16 10.070(c).

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Referred: Community and  
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Place in file

HR

Dozier

prop

no

fiscal  
on

impact

SB 529  
(farm land  
prop. tax  
exemp.)

No fiscal impact.

# STATE OF ALASKA

**DEPT. OF COMMUNITY & REGIONAL AFFAIRS**

*DIVISION OF LOCAL GOVERNMENT ASSISTANCE*

JAY S. HAMMOND, Governor

*POUCH B - JUNEAU 99811*

May 5, 1976

The Honorable Hugh Malone  
House Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Re: House CS for Senate Bill No. 529

Dear Mr. Malone:

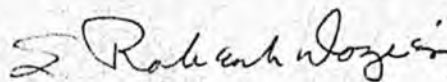
House Bill No. 529 is now before the House Finance Committee for consideration.

The House Community and Regional Affairs Committee Amendment deleted the percentage of gross income eligibility formula in subsection (c) and adopted a more acceptable productivity formula.

The purpose of this letter is to call your attention to the need for deletion of all subsequent language in both subsection (c) and (d) of AS 29.53.035, which relates to the deleted percentage of income formula.

A copy of the bill with recommended additions and deletions to AS 29.53.035 is enclosed for your consideration.

Very truly yours,



S. Robert Dozier  
State Assessor

SRD:g1

Enclosure:

STATE OF ALASKA  
Inter-Department Route Slip

TO:

MAIL STATION NUMBER \_\_\_\_\_

DEPARTMENT \_\_\_\_\_

ATTENTION Hugh Malone, Chm.

- |  |  |
|--|--|
| <input type="checkbox"/> Approval      | <input type="checkbox"/> Note & Return       |
| <input type="checkbox"/> Signature     | <input type="checkbox"/> Initial & Return    |
| <input type="checkbox"/> Comment       | <input type="checkbox"/> Return As Requested |
| <input type="checkbox"/> Contact Me    | <input type="checkbox"/> Return For Approval |
| <input type="checkbox"/> Prepare Reply | <input type="checkbox"/> Necessary Action    |
| <input type="checkbox"/> For Your File | <input type="checkbox"/> Your Information    |

Remarks: *Per my request for Committee consideration of this bill, attached is correspondence outlining State Assessor's recommendations for your consideration. Any questions on suggested amendments can be directed to Bob Dozer (4730) or me (4707). Thank*

FROM:

DEPARTMENT DC&RA

DIVISION Local Gov't Ass't

MAIL STATION NUMBER 2100

BY Palmer Melton DATE 5/20/76

Director

May 5, 1976

The Honorable Hugh Malone  
House Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

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State Assessor

SRD:gl

Enclosure:

1 period for which the exemption is requested.

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3 and harvesting crops or for the feeding, breeding, and management of  
4 livestock or for dairying, or another agricultural use for profit or any  
5 combination thereof. To be farm use land, the owner or the lessee must  
6 be actively engaged in farming the land [,] and derive a minimum of \$25  
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21 070(c).

22  
23 (d) In the event of a crop failure by an act of God the previous  
24 year, the owner or lessee may submit an affidavit that 10 PERCENT OF  
25 HIS GROSS INCOME <sup>of</sup> a minimum of \$25 gross farm income per acre was derived  
26 for each of the past three years.  
27 [WAS FROM FARMING]

from  
farmer  
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Introduced: 1/19/76  
Referred: Community and  
Regional Affairs

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12 of this section. However, reimbursement will be made to a borough or  
13 city for revenue lost to it only to the extent that the loss exceeds  
14 an exemption which was granted by the borough or city, or which upon  
15 proper application by an individual would have been granted by the  
16 borough or city, under sec. 25(a) of this chapter.

17 \* Sec. 2. AS 29.53.020(h) is amended to read:

18 (h) Except as provided in (g) of this section, nothing [NOTHING]  
19 in (e)--(1) of this section affects similar exemptions from property  
20 taxes granted by municipalities on September 10, 1972 or prevents  
21 municipalities from granting similar exemptions by ordinance as  
22 provided in sec. 25 of this chapter. [HOWEVER, UNDER (e)--(1) OF THIS  
23 SECTION ONLY THE AMOUNT OF REVENUE LOST TO THE MUNICIPALITY BY REASON  
24 OF THE EXEMPTION AUTHORIZED IN THOSE PROVISIONS MAY BE REIMBURSED TO  
25 THE MUNICIPALITY BY THE STATE.]

26 \* Sec. 3. AS 29.53.035(a) is amended to read:

27 (a) Farm use lands included in a farm unit and not dedicated or  
28 being used for nonfarm purposes shall be assessed on the basis of full  
29 and true value for farm use, and shall not be assessed as if sub-

1 divided or used for some other nonfarm purpose. The assessor shall  
2 maintain records valuing the farm use land for both full and true  
3 value and farm use value. Should the farm use land be sold, leased,  
4 or otherwise disposed of [ , ] for uses incompatible with farm use  
5 [OTHER THAN FARM USE PURPOSES] or be converted to a use incompatible  
6 with farm use [NONFARM USE] by the owner, the owner shall be liable to  
7 pay an amount equal to the additional tax at the current mill levy  
8 together with eight [FIVE] per cent interest for the preceding seven  
9 years, as though the land had not been assessed for farm use purposes.  
10 Payment by the owner shall be made to the state to the extent of its  
11 reimbursement for revenue loss under (e) of this section for the  
12 preceding seven years. The balance of the payment shall be made to the  
13 city or borough.

14 \* Sec. 4. Section 3 of this Act is retroactive to January 1, 1975.

15 \* Sec. 5. This Act takes effect immediately in accordance with AS 01.-  
16 10.070(c).

*More years & ... since ... will ... & ...*

*Lead  
Bob D. ✓*

Original sponsor: Rules Committee  
by request of the Governor

Offered: 4/27/76  
Referred: Finance

1 IN THE SENATE

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

2

HOUSE CS FOR SENATE BILL NO. 529

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 property tax exemptions; and pro-

7

viding for an effective date."

8

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

9

\* Section 1. AS 29.53.020(g) and (h) are amended to read:

10

(g) The state shall reimburse a borough or city, as appropriate, for the real property tax revenues lost to it by the operation of (e) of this section. However, reimbursement will be made to a borough or city for revenue lost to it only to the extent that the loss exceeds an exemption which was granted by the borough or city, or which upon proper application by an individual would have been granted by the borough or city, under sec. 25(a) of this chapter.

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(h) Except as provided in (g) of this section, nothing [NOTHING] in (e) - (i) of this section affects similar exemptions from property taxes granted by municipalities on September 10, 1972 or prevents municipalities from granting similar exemptions by ordinance as provided in sec. 25 of this chapter. [HOWEVER, UNDER (e) - (i) OF THIS SECTION ONLY THE AMOUNT OF REVENUE LOST TO THE MUNICIPALITY BY REASON OF THE EXEMPTION AUTHORIZED IN THOSE PROVISIONS MAY BE REIMBURSED TO THE MUNICIPALITY BY THE STATE.]

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\* Sec. 2. AS 29.53.035(a) is amended to read:

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29

(a) Farm use lands included in a farm unit and not dedicated or being used for nonfarm purposes shall be assessed on the basis of full and true value for farm use, and shall not be assessed as if subdivided or used for some other nonfarm purpose. The assessor shall maintain

1 records valuing the farm use land for both full and true value and farm  
2 use value. Should the farm use land be sold, leased, or otherwise  
3 disposed of [,] for uses incompatible with farm use [OTHER THAN FARM USE  
4 PURPOSES] or be converted to a use incompatible with farm use [NONFARM  
5 USE] by the owner, the owner shall be liable to pay an amount equal to  
6 the additional tax at the current mill levy together with eight [FIVE]  
7 per cent interest for the preceding seven years, as though the land had  
8 not been assessed for farm use purposes. Payment by the owner shall be  
9 made to the state to the extent of its reimbursement for revenue loss  
10 under (e) of this section for the preceding seven years. The balance  
11 of the payment shall be made to the city or borough. The Department of  
12 Community and Regional Affairs shall, at the time of reimbursement, file  
13 a lien on each farm unit in favor of the state for that unit's pro rata  
14 portion of the amount reimbursed under this section. Each lien is  
15 effective for seven years after the date it is filed.

16 \* Sec. 3. AS 29.53.035(b) and (c) are amended to read:

17 (b) An owner of farm use land must, to secure the assessment,  
18 make application to the assessor before February 1 of each year in which  
19 the assessment is desired, but during the same year the governing body  
20 of the municipality for good cause shown may waive the claimant's failure  
21 to make timely application for the exemption for that year and authorize  
22 the assessor to accept the application as if timely filed. The appli-  
23 cation shall be made upon forms prescribed by the state assessor for the  
24 use of the local assessor and shall include information which may  
25 reasonably be required to determine the entitlement of the applicant.  
26 If the farm use land is leased for farm use purposes, the applicant  
27 shall furnish to the assessor a copy of the lease bearing the signatures  
28 of both lessee and lessor along with the completed application. The  
29 applicant shall furnish the assessor a copy of the lease covering the

1 period for which the exemption is requested.

2 (c) In this section "farm use" means the use of land for raising  
3 and harvesting crops or for the feeding, breeding and management of  
4 livestock or for dairying or another agricultural use for profit or any  
5 combination thereof. To be farm use land, the owner or the lessee must  
6 be actively engaged in farming the land [,] and derive a minimum of \$25  
7 gross farm income per acre yearly [AT LEAST 10 PER CENT OF HIS YEARLY  
8 GROSS INCOME] from the farm use land. The provisions of this section do  
9 not apply to land respecting which the owner has granted, and has  
10 outstanding; a lease or option to buy the surface rights. A property  
11 owner wishing to file for farm use classification having no history of  
12 farm-related income may submit a declaration of intent at the time of  
13 filing the application with the assessor setting out the intended use of  
14 the land and the anticipated <sup>Amount</sup> [percentage] of income. An applicant using  
15 this procedure shall file with the assessor before February 1 of the  
16 following year a notarized statement of the <sup>Amount</sup> [percentage] of gross income  
17 attributable to the farm use land. Failure to make the filing required  
18 in this subsection forfeits the exemption.

19 \* Sec. 4. Section 2 of this Act is retroactive to January 1, 1975.

20 \* Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-  
21 070(c).

22  
23 (d) In the event of a crop failure by an act of God the previous  
24 year, the owner or lessee may submit an affidavit that [10 PERCENT OF  
25 HIS GROSS INCOME] a minimum of \$25 gross farm income per acre was derived  
26 for each of the past three years.  
27 [WAS FROM FARMING]  
28  
29

May 5, 1976

The Honorable Hugh Malone  
House Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Re: House CS for Senate Bill No. 529

Dear Mr. Malone:

House Bill No. 529 is now before the House Finance Committee for consideration.

The House Community and Regional Affairs Committee Amendment deleted the percentage of gross income eligibility formula in subsection (c) and adopted a more acceptable productivity formula.

The purpose of this letter is to call your attention to the need for deletion of all subsequent language in both subsection (c) and (d) of AS 29.53.035, which relates to the deleted percentage of income formula.

A copy of the bill with recommended additions and deletions to AS 29.53.035 is enclosed for your consideration.

Very truly yours,

S. Robert Dozier  
State Assessor

SRD:gl

Enclosure:

1 period for which the exemption is requested.

2 (c) In this section "farm use" means the use of land for raising  
3 and harvesting crops or for the feeding, breeding and management of  
4 livestock or for dairying or another agricultural use for profit or any  
5 combination thereof. To be farm use land, the owner or the lessee must  
6 be actively engaged in farming the land [,] and derive a minimum of \$25  
7 gross farm income per acre yearly [AT LEAST 10 PER CENT OF HIS YEARLY  
8 GROSS INCOME] from the farm use land. The provisions of this section do  
9 not apply to land respecting which the owner has granted, and has  
10 outstanding; a lease or option to buy the surface rights. A property  
11 owner wishing to file for farm use classification having no history of  
12 farm-related income may submit a declaration of intent at the time of  
13 filing the application with the assessor setting out the intended use of  
14 the land and the anticipated <sup>Amount</sup> [percentage] of income. An applicant using  
15 this procedure shall file with the assessor before February 1 of the  
16 following year a notarized statement of the <sup>Amount</sup> [percentage] of gross income  
17 attributable to the farm use land. Failure to make the filing required  
18 in this subsection forfeits the exemption.

19 \* Sec. 4. Section 2 of this Act is retroactive to January 1, 1975.

20 \* Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-

21 070(c).

22  
23 (d) In the event of a crop failure by an act of God the previous  
24 year, the owner or lessee may submit an affidavit that [10 PERCENT OF  
25 HIS GROSS INCOME] a minimum of \$25 gross farm income per acre was derived  
26 for each of the past three years.  
27 [WAS FROM FARMING]  
28  
29