

H

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COMMITTEE REPORT

3/29

HOUSE

(7)

FURTHER:

RESOURCES

2/13/84

Date: 3-26-84

The Committee on COMMUNITY & REGIONAL AFFAIRS has had HB 625

"An Act relating to municipal taxation of agricultural lands; and providing for an effective date."

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 625 (CS PA) same title
- new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note 2007-117
- Zero Fiscal Note Attached
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

M. W. Miller

MEMBERS HAVING
OTHER RECOMMENDATIONS:

None

M. W. Miller

CHAIRMAN

Original sponsor: Koponen

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 625 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to municipal taxation of agricul-
7 tural land; and providing for an effective date."

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

9 * Section 1. AS 29.53.035(a) is amended to read:

10 (a) Farm use lands included in a farm unit and not dedicated or
11 being used for nonfarm purposes shall be assessed on the basis of full
12 and true value for farm use, and shall not be assessed as if subdivi-
13 ded or used for some other nonfarm purpose. The assessor shall
14 maintain records valuing the farm use land for both full and true
15 value and farm use value. Should the farm use land be sold, leased,
16 or otherwise disposed of for uses incompatible with farm use or be
17 converted to a use incompatible with farm use by the owner, the owner
18 is liable to pay an amount equal to the additional tax [AT THE CUR-
19 RENT MILL LEVY TOGETHER WITH EIGHT PERCENT INTEREST] for the preceding
20 seven years [,] as though the land had not been assessed for farm use
21 purposes, together with simple interest at the prime rate on January 1
22 of the year the additional tax is due, as determined by the Alaska
23 Housing Finance Corporation, plus one percent. Payment by the owner
24 shall be made to the state. If the state has not made full [TO THE
25 EXTENT OF ITS] reimbursement for revenue loss under (e) of this sec-
26 tion for the preceding seven years, the state shall pay that portion
27 of the payment to the municipality that is necessary to fully reim-
28 burse it together with a proportional share of the interest [. THE
29 BALANCE OF THE PAYMENT SHALL BE MADE TO THE CITY OR BOROUGH].

1 * Sec. 2. AS 29.53.035(b) is amended to read:

2 (b) An owner of farm use land must, to secure the assessment,
3 make application to the assessor before May 15 of each year in which
4 the assessment is desired. During the same year, however, the govern-
5 ing body of the municipality may for good cause shown waive the
6 owner's failure to make timely application for the assessment for that
7 year and authorize the assessor to accept the application as if timely
8 filed. The application shall be made upon forms prescribed by the
9 state assessor for the use of the local assessor and shall include
10 information that [WHICH] may reasonably be required to determine the
11 entitlement of the applicant. If the farm use land is leased for farm
12 use purposes, the applicant shall furnish to the assessor a copy of
13 the lease bearing the signatures of both lessee and lessor along with
14 the completed application. The applicant shall furnish the assessor a
15 copy of the lease covering the period for which the exemption is
16 requested.

17 * Sec. 3. AS 29.53.035(c) is amended to read:

18 (c) In this section "farm use" means the use of land for raising
19 and harvesting crops, [OR FOR] the feeding, breeding and management of
20 livestock, [OR FOR] dairying or another agricultural use, [FOR PROFIT]
21 or any combination of them [THEREOF]. To be farm use land, the owner
22 or the lessee must be actively engaged in farming the land [, AND
23 DERIVE AT LEAST 10 PER CENT OF HIS YEARLY GROSS INCOME FROM THE FARM
24 USE LAND]. The provisions of this section do not apply to land re-
25 specting which the owner has granted, and has outstanding, a lease or
26 option to buy the surface rights. A property owner wishing to file
27 for farm use classification having no history of farm-related activi-
28 ties [INCOME] may submit a declaration of intent at the time of filing
29 the application with the assessor setting out the intended use of the

1 land [AND THE ANTICIPATED PERCENTAGE OF INCOME]. An applicant using
2 this procedure shall file with the assessor before February 1 of the
3 following year a notarized statement detailing the farm use activities
4 on the farm use land [OF THE PERCENTAGE OF GROSS INCOME ATTRIBUTABLE
5 TO THE FARM USE LAND]. Failure to make the filing required in this
6 subsection forfeits the exemption.

7 * Sec. 4. AS 29.53.035(e) is amended to read:

8 (e) Subject to legislative appropriations for the purpose, the
9 state shall reimburse a borough or city, as appropriate, for the real
10 property tax revenues lost to it by the operation of this section. If

11 ~~appropriations are less than the amount necessary for full reimburse-~~
12 ~~ment to each municipality under this subsection, payments shall be~~
13 ~~determined by prorating appropriations using a factor that, when~~
14 ~~applied, reduces all payments by an equal percentage.~~ Reimbursement

15 under this subsection is a lien in favor of the state against the farm
16 use land to the extent of the deferred tax and interest that may be
17 collected under (a) of this section. Upon recordation in the record-
18 ing office of the district in which the farm use land is located, the
19 lien is prior and superior to other liens against the property except
20 for general taxes or special assessments and may be enforced by lien
21 foreclosure. The lien becomes immediately due and payable when the
22 property is converted to a use incompatible with farm use.

23 * Sec. 5. AS 29.53.035(d) is repealed.

24 * Sec. 6. This Act takes effect January 1, 1985.

25
26 Passed H(C&RA) -

27 1 - Do Pass - MIKE MILLER

28 1 - Do NOT Pass - BARBARA LACHER

29 2 - No Rec - JACK McBRIDE, RANDY PHILLIPS

Motion defeated
this section 3/26/84



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3870

TO: House Community and Regional Affairs Committee

FROM: House Community and Regional Affairs Staff

DATE: March 26, 1984

SUBJ: CSHB625

As per Chairman Mike W. Miller's instructions, staff returned the work draft to the Dept. of Community and Regional Affairs Mike Worley, State Tax Assessor to review the date to be tied to the prime rate on line 21, page 1, section a.

The date of January 1 was chosen, rather than date of sale, as being an equitable date for all concerned because of the possibility of the land being taken out of the "farm use" category but not necessarily sold.

While reviewing the bill with Mr. Worley and Lisa McClaren of Rep. Kopenen's staff, we discovered that there was a double payment to the borough at this time in the statute. If the state has paid to the borough the full reimbursement for revenue loss, there was no need for any of the penalty monies to be passed to the municipality involved. However, if there has been a shortfall declared and the municipality did not receive full reimbursement, it is suggested to the Committee that lines 24 - 28 be added to insure the municipality of being able to recoup their loss during a seven year period.

A concern, generated by staff and shared by the tax assessor, is the possibility of a new owner having no knowledge of a large tax bill on the land he has just bought and being legally liable for this debt as the assessment and debt incurred is upon the property, not an individual. Lines 14 - 22 of page 3 have been suggested to the committee as the insurance against this happening. This language is already in place in other legislation such as AS 29.63.05 EXEMPTION so there is a precedent. This language forces the state to do the paperwork to insure a title company of finding the lien. At this time, there is an undeclared lien upon all such exempted property which is legal and binding. This language just makes sure that all persons entering into a real estate transaction will be informed of the indebtedness against such property.



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3870

TO: House Community and Regional Affairs Committee
FROM: House Community and Regional Affairs Staff
DATE: March 21, 1984
SUBJ: CSHB625

The committee substitute for HB625 is suggested by staff in answer to suggestions outlined by constituents and the Department of Community and Regional Affairs.

Rep. Kopenen's original bill is intact within the committee substitute. Staff has interviewed the Dept. of C & RA and other interested parties and there has been no great show against the bill. However, in interviewing the constituency, staff found that the bill stopped short of what several organizations would like to eventually have placed in the statutes. Also, the Dept. of C & R A had some house keeping amendments that they would like see enacted. By revising HB625 into a committee substitute, the Committee can handle the other requests without drawing up separate legislation.

*Section 1 -

The Department of C & R A wanted to bring the penalties more in line with modern day inflation. Their suggestion was raise the 3% interest rate to a much higher rate. The mill levy has in the last couple of years declined and the language "current mill levy" could offer substantial gains to the individual and losses to the state and borough. The reverse could also be true, as state revenues decline and mill rates are elevated. Since this particular statute was written as a deterrent to farmers selling off prime farm land to other developing interests, it is felt that tying the penalties to the fluctuating current prime rate of interest would tend to make the penalties more fair and equitable and legislation would not have to be enacted for inflation adjustment. The penalties are now being computed at compounded interest and in conversation with C & R A, it was felt that simple interest would be fair with the fluctuating prime rate tied to it.

*Section 2 -

The changes in this section have been precipitated by several associations involved with farming. "Ag rights" land has to be filed upon

initially and not until a change of lease holder, does this filing take place again. However, fee simple property has to be filed yearly by a certain date to retain "farm use" status and have a special assessment. It is felt that there is great inequity between the filing system of "ag rights" land and "fee simple" land. However, "ag rights" land is not owned by an individual and the state holds all the power on the status of that land. "Fee simple" is of course owned by the individual and therefore, the individual has the option to do anything with their land that they desire. Since the "ag rights" land can never be switched to another status without the state becoming immediately aware of the fact, there is no need to file more than initially. The local and state assessors are concerned that if only an initial filing is required on "fee simple" property, they might not be able to become aware of changes affecting the "farm use" status. The official date of tax assessing is the 1st of January of each year. In talking with local assessors, they try to have their records updated by the 1st of March. Since it is sometimes very hard to determine land status under 20 feet of snow, they make their notes and then compare them to the filing when the property owner submits it. If there is a great discrepancy or unanswered questions, the assessor will contact the property owner for the answers. The local assessor feels he needs to have the yearly filing and it should not be a great deal of time out of the land owner's year to fill out the paperwork and get it to the assessor. In talking with land owners, they did not like the deadline for fear they could lose a year's tax status inadvertently or thru carelessness. The change suggested gives the land owner an opportunity to show good cause and gain a waiver for failure of timely application.

*Section 3 - Rep. Kopenen's bill.

*Section 4 - Rep. Kopenen's bill.

*Section 5 -

This section is suggested by the Dept. of C & R A to handle prorating in case of shortfalls. This section, staff is informed, will start being introduced in legislation to help in the future and eliminate the need for special appropriation legislation.

*Section 6 -

The effective date of this bill is changed to Jan 2 to keep this bill from being null and void when CSHB172 becomes effective. Merely a house-keeping precaution.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER
March 21, 1983

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4730
 225 CORDOVA STREET - BLDG B
ANCHORAGE, ALASKA 99501
PHONE: (907) 264-2294

POSITION PAPER

RE: ^{CS} HB 625
SPONSOR: Rep. ~~Koponen~~ ^{H(C+RA)}

POSITION: No objection

PROGRAM EFFECTS

The bill removes the ten percent income requirement from the agricultural lands tax deferral program and corrects and clarifies some of that existing language.

COMMENTS

The Department supports the language in the bill which corrects or clarifies existing law.

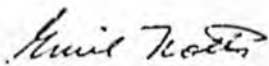
In Section, 5, the bill allows the Department to prorate payments to municipalities in the event State revenues are not adequate to fully fund the program.

Elimination of the phrase "at the current mill levy" (Section 1), in conjunction with the adoption of a higher rate of interest, provides the means for avoiding potential problems which could result from the sale of farm property in the future. In the event municipal mill rates were to drop, the language in existing law would encourage farmers to (1) sell their property into development status, and (2) in the process of doing so, pay lower property taxes than other taxpayers have in past years.

The corrective language provides a penalty and a rate of interest which should encourage the farmer (1) not to sell at all, or, if he does sell the property, to sell it for farm use purposes, and (2) pay back taxes at a higher rate than other property owners, in the event he does sell the property into development.

The language in Section 2, which allows the local governing body to "waive the owner's failure to make timely application", is the same as existing language in statutes governing other tax programs which the Department administers. We have not seen any problems develop locally as a result of that language, and we have no objection to its introduction into the farm use program.

APPROVED:


Emil Notti, Commissioner

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 3/14/84

REQUEST

Bill/Resolution No.: HB 625
 Title: Municipal Taxation/
Agricultural Lands
 Sponsor: Rep. Koponen
 Requestor: House C&RA Committee
 Date of Request: 3/13/84

FISCAL DETAIL

Agency Affected: Community & Regional Affairs
 Program Category Affected: Community Development
 BRU, Program or Subprogram(s) Affected: Farm Use Land
Community Assistance Grants

EXPENDITURES/REVENUES: (Thousands of Dollars) (Agricultural Lands Exemption)

| OPERATING | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 |
|-----------------------|-------|-------|-------|-------|-------|-------|
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 SUPPLIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS | | 20.0 | 21.2 | 22.5 | 23.9 | 25.3 |
| 800 MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | | 20.0 | 21.2 | 22.5 | 23.9 | 25.3 |
| CAPITAL | | | | | | |
| REVENUE | | | | | | |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|--|------|------|------|------|------|
| GENERAL FUND | | 20.0 | 21.2 | 22.5 | 23.9 | 25.3 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | | | | | |

POSITIONS: Negligible Impact

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Mike Worley Phone: 465-4730
 Division: Municipal & Regional Assistance Date: 3/14/84
 Approved by Commissioner: *Quil North* Date: 3/14/84
 Agency: Community & Regional Affairs

Distribution (by Agency preparing fiscal note):

Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

12/1/83

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 12/29/83

Bill/Resolution No.: HR 625
Title: Municipal Taxation/Agricultural Lands

ANALYSIS:

Assumptions:

We are assuming 20 additional applicants at \$1,000 each. The figure of 20 is strictly an estimate based on rejected applications.

Positions:

Other Expenditures:

Funding:

Section Cost Analysis:

Computations:

Economic Impact:

Impact on Local Government:

Attachments

19 Mar 84

Shirley -

Here is the tax application form you requested, as you can see it's a ring-tailed snorter.

I'm working on getting input to you regarding our conversation, but as you can guess it will take a few days to have results - only hope it will be timely enough to be usable.

Let me know if I can do more, or can expedite matters in any way.

Chuck

FARM USE ASSESSMENT APPLICATION
AS 29.53.035

Application must be filed on or before May 15, of the assessment year.
Complete a separate form for each parcel contained within the farm unit.

MUNICIPALITY _____ ACCOUNT NUMBER _____
 NAME OF OWNER _____ NAME OF LESSEE _____
 MAILING ADDRESS _____ MAILING ADDRESS _____
 CITY _____ STATE _____ ZIP _____ CITY _____ STATE _____ ZIP _____
 TELEPHONE _____ SOC. SEC. NO. _____ TELEPHONE _____ SOC. SEC. NO. _____

Soc. Sec. No. not mandatory for eligibility

PROPERTY LOCATION - DESCRIPTION - OWNERSHIP - USE

Parcel Number _____ City or Service Area _____
 Subdivision/USS _____ Recording District _____ Type of Instrument _____
 Section _____ Township _____ Range _____ Date _____ Volume _____ Page _____
 ROW CROP _____ SMALL GRAINS _____ HAY-ENSILAGE _____ ROTATION PASTURE _____
 FARM BLDGS _____ RESIDENCE _____ UNCLEARED _____ PERMANENT GRAZING _____ TOTAL ACRES _____
Sum of individual listings must be equal to TOTAL ACRES

Ownership Verified by _____
 Assessor or Clerk

OWNER OF RECORD LAND LEASED
Copy of lease attached

OWNER INCOME DATA LESSEE

I hereby make application for Farm Use Assessment on the above described property for assessment year 19___. I am actively engaged in farming the land and declare that my gross income attributable to the farm use land for the years indicated is 10% or more of my yearly gross income.

I hereby submit information to supplement and support the owner application for Farm Use Assessment for assessment year 19___. I am actively engaged in farming the land and declare that my gross income attributable to the farm use land for the years indicated is 10% or more of my yearly gross income.

- Last year Three year average
 I will submit income verification documents for inspection by clerk or assessor prior to May 15, of the assessment year, OR
 Attached is a signed and notarized "Authorization for Income Verification, Form 21-411". My state income tax return will be filed with the Alaska Department of Revenue prior to December 31, of the assessment year.
 Estimated income this year. Proof will be filed prior to February 1, next year.

- Last year Three year average
 I will submit income verification documents for inspection by clerk or assessor prior to May 15, of the assessment year, OR
 Attached is a signed and notarized "Authorization for Income Verification, Form 21-411". My state income tax return will be filed with the Alaska Department of Revenue prior to December 31, of the assessment year.
 Estimated income this year. Proof will be filed prior to February 1, next year.

CERTIFICATION

I/we the undersigned hereby certify that I/we have read this application and the answers given are true and correct to the best of my/our knowledge. I/we understand that willful misstatement is subject to punishment by fine or imprisonment under AS 11.30.270. My/our signature(s), hereon, authorizes the assessor to review municipal records with those of the local Soil Conservation Subdistrict. It is agreed that the owner shall be liable for the amount of tax deferred plus interest per AS 29.53.035.

DATE _____ SIGNATURE OF APPLICANT _____

DATE _____ SIGNATURE OF LESSEE _____

This space for local assessors use only

Approved Denied _____
 PROPERTY FULL VALUE FARM VALUE DEFERRED
 Land _____
 Buildings _____ NONE _____
 TOTAL _____
 Mill Rate _____
 Amount of Tax \$ _____ \$ _____ \$ _____

"Does the gross income attributed to the farm use land for which application is made equal or exceed 10% of the applicants adjusted gross income?"

YES NO DATE: _____
 Verified by: _____
 Assessor or Clerk

Not dedicated or being used for nonfarm purposes.
 Verified by: _____
 Assessor or Clerk

NAME _____
 DATE REC'D _____
 BY _____

ALASKA STATUTES TITLE 29, MUNICIPAL GOVERNMENT
CHAPTER 53, MUNICIPAL ASSESSMENT AND TAXATION:

Sec. 29.53.035. Farm or agricultural lands. (a) Farm use lands included in a farm unit and not dedicated to 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 records valuing the farm use land for both full and true value and farm use value. Should the farm use land be sold, leased, or otherwise disposed of for uses incompatible with farm use or be converted to a use incompatible with farm use by the owner, the owner shall be liable to pay an amount equal to the additional tax at the current mill levy together with eight percent interest for the preceding seven years, as though the land had not been assessed for farm use purposes. Payment by the owner shall be made to the state to the extent of its reimbursement for revenue loss under (e) of this section for the preceding seven years. The balance of the payment shall be made to the city or borough. (sec 3 ch 229 SLA 1976)

(b) An owner of farm use land must, to secure the assessment, make application to the assessor before May 15 of each year in which the assessment is desired. The application shall be made upon forms prescribed by the state assessor for the use of the local assessor and shall include information which may reasonably be required to determine the entitlement of the applicant. If the farm use land is leased for farm use purposes, the applicant shall furnish to the assessor a copy of the lease bearing the signatures of both lessee and lessor along with the completed application. The applicant shall furnish the assessor with a copy of the lease covering the period for which the exemption is requested.

(c) In this section "farm use" means the use of land for raising and harvesting crops or for the feeding, breeding and management of livestock or for dairying or another agricultural use for profit or any combination thereof. To be farm use land, the owner or the lessee must be actively engaged in farming the land, and derive at least 10 percent of his yearly gross income from the farm use land. The provisions of this section do not apply to land respecting which the owner has granted, and has outstanding, a lease or option to buy the surface rights. A property owner wishing to file for farm use classification having no history of farm-related income may submit a declaration of intent at the time of filing the application with the assessor setting out the intended use of the land and the anticipated percentage of income. An applicant using this procedure shall file with the assessor before February 1 of the following year a notarized statement of the percentage of gross income attributable of the farm use land. Failure to make the filing required in this subsection forfeits the exemption.

(d) In the event of a crop failure by an act of God the previous year, the owner or lessee may submit an affidavit affirming that 10 percent of his gross income for the past three years was from farming.

(e) Subject to legislative appropriations for the purpose, the state shall reimburse a borough or city, as appropriate, for the real property tax revenues lost to it by the operation of this section.

ALASKA ADMINISTRATIVE CODE TITLE 19, DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS
CHAPTER 38, FARM OR AGRICULTURAL LANDS

19 AAC 38.010. FORMS. (a) The Department of Community and Regional Affairs Form 21-410 and Form 21-411 are adopted for use in application for the farm and agricultural land use assessment and tax deferral program.

(b) Application and authorization forms shall be made available by and shall be returned to the clerk or assessor of the municipality in which the land for which the farm use assessment and tax deferral are sought is located. (Eff. 12/31/75, Reg. 56)

19 AAC 38.020. SUPPLEMENTARY INFORMATION SUPPORTING APPLICATION FOR THE ASSESSMENT AND TAX DEFERRAL. Annulled under AS 44.62.320, passed 5/25/77.

19 AAC 38.030. APPEAL. An Applicant for the farm use assessment and tax deferral who believes that the valuation or classification assigned to the land that is the subject of the application is erroneous may appeal to the board of equalization of the municipality in which the land is located in the manner provided by AS 29.53.130. The municipality shall report the disposition of all such appeals to the state assessor. (Eff. 12/31/75, Reg. 56)

19 AAC 38.040. MAINTENANCE OF RECORDS - DUPLICATE COPIES. The municipality in which the land is located shall maintain separate files and records of all applications for the farm use assessment and tax deferral, whether allowed by the municipality or not, including valuation of the property under the full and true value standard of AS 29.53.060. Duplicate copies of all records relating to the application entered in the file shall be forwarded to the state assessor. The municipality shall investigate to determine whether title to land for which the assessment and deferral have been granted has been conveyed or alienated in such a way that the assessment or deferral may be terminated and shall advise the state assessor as to the results of its investigation. (Eff. 12/31/75, Reg. 56)

19 AAC 38.050. CONFIDENTIALITY. Tax records and other documents providing evidence of the applicant's eligibility for the farm use assessment and tax deferral are confidential and shall be used only for the purpose of ascertaining whether the applicant is entitled to the benefits of the assessment and deferral. (Eff. 12/31/75, Reg. 56)

19 AAC 38.060. DEFINITIONS. In this chapter:

(1) "farm use assessment" means the value of the unit or parcel of property for which application for a farm use assessment and tax deferral is made, based upon its highest and best use as farm or agricultural land;

(2) "yearly gross income" means the income of the applicant for the year preceding the tax year for which the application is filed and means the adjusted gross income of the applicant as defined in Section 62 of the Internal Revenue Code (26 U.S.C. 62). (Eff. 12/31/75, Reg. 56)

McKEE, INC.

20 MILE CHENA HOT SPRINGS ROAD · S.R. BOX 50985 · FAIRBANKS, ALASKA 99701 (907) 488-6676

March 8, 1984
Rep. Mike Miller
Pouch V
Juneau, Alaska, 99811

MAR 14 '84

Dear Rep. Miller:

Thank you for your calls for information on our experiences with farm taxation as relates to HB 625.

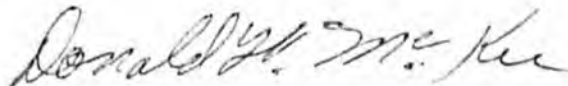
We strongly urge your support of HB 625. Passage would result in the people who are creating and developing farms be assessed at farm tax status. Most farmers have a difficult time deriving any income from farms for many years so are unable to prove 10% of their gross income has come from farming.

We had hoped that legislation could be introduced so farmers would not need to apply for farm tax status on a yearly basis. Perhaps such legislation will be introduced at a future date.

We are strongly opposed to HB 641 which would create a Recreation Area in Pot Latch Ponds. Some of the acres are not suitable for farming, but many of the acres in Pot Latch Ponds could be developed as good agricultural lands. Many people have waited four years to have an opportunity to do just that. We strongly urge defeat of HB 641 so farmers will be allowed to develop this area.

We would appreciate your support of HB 625 and defeat of HB 641. Thank you.

Sincerely,
McKee, Inc.



Donald W. McKee, Pres.



THE GRANGE

AMERICA'S FAMILY COMMUNITY FRATERNITY

Two Rivers Grange No. 3

S.R. 50985
Fairbanks, Alaska, 99701

December 5, 1983
Representative Mike Miller
P.O. 55094
North Pole, Alaska, 99705

Representative Miller:

Farmers in the North Star Borough question the need to apply for farm tax status each year. Many of the farmers have state "Ag-Rights Only" land which limits the use of the land to agriculture. Many farmers have filed for farm tax status yearly for many years.

It is felt by many farmers that this yearly task is redundant, yet they must comply or pay full-value taxes.

We recommend that legislation be enacted to require only an initial filing for farm taxes. If land no longer is used for agricultural purposes, it would become the responsibility of the tax payer to notify the proper taxing body.

We appreciate your attention to this matter.

Yours truly,

Two Rivers Grange #3

Alice H. McKee

Alice H. McKee, Sec.

*Check
on
Statutes*

*See Registry -
boroughs may
not comply*

Alaska State Legislature

Representative John Ringstad
District 20-B
P.O. Box 1848
Fairbanks, Alaska 99707
(907) 456-8336



White in Juneau
Pouch V
Juneau, Alaska 99811
(907) 465-4998

House of Representatives

Alice H. McKee
Secretary
Two Rivers Grange No. 3
S.R. 50985
Fairbanks, Alaska 99701

December 19, 1983

Dear Ms. McKee,

After reviewing your recent letter concerning farmers having to apply annually for a special tax status, I instructed a member of my staff to look into the problem.

Mr. Dave Braden's office was contacted at the Borough Assessment Department. They explained that the only farmers who need to apply for a special tax status annually are those who own "fee simple" land. It seems that in the past a few "Aq rights only" folks were erroneously required to file for the special status, however, it is not the intent of the Borough to require such action.

I hope this clears up any questions that you may have. If additional questions arise, Mr. Braden may be contacted at 452-4761, ext. 213.

Should you need additional assistance from my office please do not hesitate to call.

Sincerely,

A handwritten signature in cursive script, appearing to read "John Ringstad".

Rep. John Ringstad

RJR/aa

MSG 84-0024424 PRTY 1 03/14/84 13:32:39 ORIG: LF20 IN= 0005 OUT= 0082
FROM: LINDA/FBX TO: JND INFO
TARGET: LJKK SUBJ: PCH 9

TO: HSE C & RA (PEPS H.W. MILLER, CATO, HURLBERT, LACHER, PHILLIPS,
LUDWIGER, O'BRIEN)
REF: KOPONEN

FROM: JOHN PEOPLES, PRESIDENT OF INTERIOR FARMING ASSOC.
PO BOX 50779
SFA, AK 99701
#488-6272

RE: HRRS, TAXATION ON AG LAND

NOTE: AT THE INTERIOR FARMING ASSOCIATION'S LAST MEETING, MARCH 2, 1984, THE
MEMBERS VOTED UNANIMOUSLY TO SUPPORT HR625 AS A PIECE OF LEGISLATION HAVING
HIGH IMPORTANCE TO THE AGRICULTURAL DEVELOPMENT OF ALASKA. THIS BILL WILL DO
MUCH AS AN INCENTIVE TO THIS NEWLY DEVELOPING INDUSTRY. WE URGE ACTION ON
THIS BILL.

-----EOM

PLEASE PRINT NAME AND ADDRESS OF THE PERSON TO WHOM THIS LETTER IS TO BE SENT. THE NAME OF THE STATE TO WHICH IT IS TO BE SENT SHOULD BE PRINTED IN FULL. THE NAME OF THE STATE TO WHICH IT IS TO BE SENT SHOULD BE PRINTED IN FULL. THE NAME OF THE STATE TO WHICH IT IS TO BE SENT SHOULD BE PRINTED IN FULL.

FEDERAL TAXATION OF LANDS (REV. 625)

WASHINGTON, DC 20541
400-500-4

TO: MRS. M. W. MILLER, CATO, HURLETT, KOPREN, LINDNER, WERLDE

POSTAGE WILL BE PAID BY ADDRESSEE
FIRST CLASS PERMIT NO. 1000 WASHINGTON, DC 20541
POST OFFICE BOX 1000 WASHINGTON, DC 20541
POSTAGE WILL BE PAID BY ADDRESSEE
FIRST CLASS PERMIT NO. 1000 WASHINGTON, DC 20541
POST OFFICE BOX 1000 WASHINGTON, DC 20541

HSG 94-00024301 PRTY 1 03/14/84 10:40:20 ORIG: LFOO IN= 0003 OUT= 0043
FROM: LYNDIA/FBX TO: JND INFO
TARGET: LUHK SUBJ: POM 15

TO: HSE C & RA - REPS M.W. MILLER, CATO, HURLBERT, LACHER, PHILLIPS,
LINDAUER, MCBRIDE
INT. DELEGATION - REPS DAVIS, BETTISWORTH, KOPOHEN, RINGSTAD
SEPS FAHRENKAMP, NOSS, BENNETT

FROM: JANE BURCHARD
13 HI CHENA HOT SPRINGS-4222
EBX, AK 99701
#480-0068

MAR 16 '84

RE: HB 625, TAXATION OF AG LAND

MSG: I AM IN SUPPORT OF THIS BILL!

-----EOM

22

TO: HOUSE C & RA
REPS H.W. MILLER, CATO, HURLBERT, LACHER, PHILLIPS, LINDAUER, MCBRIDE

HOUSE RESOURCES
REPS RINGSTAD, SHULTZ, UEHLING, COWDERY, RUSSELL, LISKA, VASKA, GOLL,
LARSON

REPS DAVIS, BETTISWORTH, KOPONEN,
SENZ BENNETT, FAHRENKAMP

FROM: DAVID C. NESTER
SR BX 50935
FAIRBANKS, AK, 99701
488-6356-H 452-1557-W

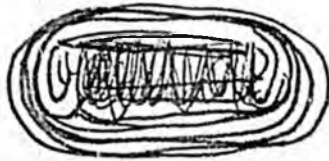
RE: HB 625, MUNICIPAL TAXATION OF AG LANDS

NSC: PLEASE PASS.

CGM

HB 625

Contacts
(Koponen)



Gary & Chena Newman
SR Box 51233
Fairbanks, Alaska 99701

Ben Nester
Pres Interior Trail Riders
SR 50935
Fairbanks, Ak. 99701

John Peoples
Interior Farmer's Ass'n
SR 50799
Fairbanks, AK 99701

488-6292 (w)
474-7617

Chuck Goff
P.O. Box 10296
Fairbanks, AK ~~99701~~ 99710
488-9094 (w)



THE GRANGE

AMERICA'S FAMILY COMMUNITY FRATERNITY

Two Rivers Grange No. 3

S.R. 50985, Fairbanks, Alaska, 99701

March 8, 1984
Rep. Mike Miller
Pouch V
Juneau, Alaska, 99811

MAR 14 '84

Dear Rep. Miller:

The members of the Two Rivers Grange #3 sincerely appreciate your support for the agricultural industry.

We urge your support for HB 625. Enactment would encourage development of agricultural lands. The development stage is tremendously expensive and rarely is offset by any income. Therefore the 10% of gross income required to qualify for farm tax status is often unobtainable.

Our members are opposed to HB 641 to create a recreational area in the Pot Latch Ponds parcel. We would urge that this bill not get out of committee. Some of the land in Pot Latch Ponds is not farmable, but many acres are. People should be given the opportunity to develop these acres.

We would appreciate your support for HB 625 and defeat of HB 641. Thank you.

Sincerely,
Two Rivers Grange #3

Alice H. McKee, Sec.

MSG 81-00021700 PRTY 1 03/15/84 10:32:09 ORIG: LF00 IN= 0004 OUT= 0041
FROM: PULLA FKS TO: JNU INFO
TARGET: LHM SUBJ: POM 16

TO: REPS DAVIS, BETTISWORTH, KOPONEN, RINGSTAD, M.W. MILLER
SENS BENNETT, FAHMENKAMP, MOSS

ALSO: HOUSE C & RA
REPS CATO, HURLBERT, LACHER, PHILLIPS, LINDAUER, HYBRIDE

FROM: NEW NESTER
FREE INTERIOR TRAIL RIDERS
SB 10935
FAIRBANKS, AK, 99701
488-3355-H

MAR 16 '84

RE: HR 25, MUNICIPAL TAXATION OF AG LANDS

NOTE: WOULD LIKE TO URGE YOU TO SEE THIS BILL (PASS.) IT SEEMS TO BE A
PRETTY GOOD BILL AND WITH WELL THOUGHT OUT CHANGES SO A RANCHER/FARMER
IS NOT PENALIZED FOR HAVING BAD LUCK AS BEFORE.

-----EOM

2/13
(H) CRR

TO: REFS DAVIS, BETTLEWORTH, K, RINGSTAD, H.W. MILLER
SENS BENNETT, FAHRENKAMP, N

FROM: DR. RON ROSSER
1438 COLLEGE
FIRBANKS, AK, 99701
-12-0475-1

RE: 11 641, LITTLE CIRCLE LEO

REG I SUPPORT 11 641 AND I OBJECT TO ANY MONEY BEING GIVEN TO THE
DEPT. OF INTERIOR RESOURCES TO SURVEY LAND FOR THE POTLATCH FLOODS LAND
DIST. 11 641 ----- EOO