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SENATE RESOURCES COMMITTEE
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: SB 112

BILL NAME: Providing for the repeal of the assessed value of certain real property within municipal boundaries.

SPONSOR(S): Ferguson

RELATED BILLS PENDING:

DATE INTRODUCED: 2-7-83

REFERRALS: Resources
Finance

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR
BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE
SUBSTITUTES DRAFTED:

(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 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 per cent 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 to 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 per cent 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. (§ 2 ch 118 SLA 1972; am § 1 ch 90 SLA 1974; am § 3 ch 229 SLA 1976; am § 1 ch 66 SLA 1978)

Effect of amendments. — The 1974 amendment made such changes in subsections (a), (b), and (c) as to make a detailed comparison impracticable and added subsections (d) and (e).

The 1976 amendment, in subsection (a), substituted "uses incompatible with farm use" for "other than farm use purposes," "a use incompatible with farm use" for

"nonfarm use" and "eight per cent" for "five per cent" in the third sentence, inserted "at the current mill levy" in that sentence, and added "for the preceding seven years" at the end of the fourth sentence.

The 1978 amendment substituted "May 15" for "February 1" in the first sentence of subsection (b).

Sec. 29.53.045. Tax on oil and gas production and pipeline property. (a) A municipality may levy and collect taxes on taxable property taxable under AS 43.56.010 — 43.56.210 only by using one of the methods set out in (b) or (c) of this section.

(b) A municipal value of taxable property valued by the Department produces an amount equivalent to \$1,500 per acre.

(c) A municipal value of that portion of 43.56.210 as assessed when combined with a municipality, does not exceed per capita assessed value multiplied by the purposes of this section true value of property to the assessed value of 43.58.200.

(d) By February 1, the municipality must inform the local government which municipality will be assessed.

(e) For purposes of the commissioner's statistics of the United States population data, as so determined by § 6 ch 159 SLA

Effect of amendment. — Amendment, in subsection "value" following "Department" which in the first sentence, second sentence.

The 1976 amendment substituted "\$1,500" for "\$1,000" in section (b).

Alaska Statute 29.58.180(a) authorizes municipal bonds, limitations of the amount of bonds are in default of North Slope Borough Corp., Sup. Ct. Op. 3460, 3513, 3659.

Alaska Statute AS 29.53.050 reads, does not refer to AS 29.53.050 and applies only to debt obligations of this section applies to operations

(b) A municipality may levy and collect a tax on the full and true value of taxable property taxable under AS 43.56.010 — 43.56.210 as valued by the Department of Revenue at a rate not to exceed that which produces an amount of revenue from the total municipal property tax equivalent to \$1,500 a year for each person residing within its boundaries.

(c) A municipality may levy and collect a tax on the full and true value of that portion of taxable property taxable under AS 43.56.010 — 43.56.210 as assessed by the Department of Revenue which value, when combined with the value of property otherwise taxable by the municipality, does not exceed the product of 225 per cent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality. For purposes of this subsection the average per capita assessed full and true value of property in the state shall be calculated without regard to the assessed value of taxable property under AS 43.58.010 — 43.58.200.

(d) By February 1 of each assessment year a taxing municipality must inform the Department of Revenue which method of taxation the municipality will use.

(e) For purposes of this section, population shall be determined by the commissioner of community and regional affairs based on the latest statistics of the United States Bureau of the Census or on other reliable population data, and shall advise each municipality of its population as so determined by January 15 of each year. (§ 3 ch 1 FSCLA 1973; am § 6 ch 159 SLA 1975; am § 8 ch 107 SLA 1976)

Effect of amendments. — The 1975 amendment, in subsection (c), inserted "value" following "Department of Revenue which" in the first sentence and added the second sentence.

The 1976 amendment substituted "\$1,500" for "\$1,000" near the end of subsection (b).

Editor's notes. — Section 8, ch. 159, SLA 1975, contains a severability clause.

Legislative history reports. — For report on ch. 107, SLA 1976 (SCS CSHB 583), see 1976 House Journal, p. 556.

NOTES TO DECISIONS

Alaska Statutes 29.53.055 and 29.58.180(a) authorize taxes to pay for municipal bonds, independent of the limitations of this section or AS 29.53.050, and regardless of whether the bonds are in default or default is pending. *North Slope Borough v. Sohio Petroleum Corp.*, Sup. Ct. Op. No. 1750 (File Nos. 3460, 3513, 3659), 585 P.2d 534 (1978).

Alaska Statute 29.53.055, literally read, does not render this section and AS 29.53.050 meaningless. AS 29.53.055 applies only to debt financing. The limitations of this section and AS 29.53.050 apply to operating revenues. Merely

because they do not also curb taxes to pay for bonds does not render them nullities. *North Slope Borough v. Sohio Petroleum Corp.*, Sup. Ct. Op. No. 1750 (File Nos. 3460, 3513, 3659), 585 P.2d 534 (1978).

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The first sentence of AS 29.53.055 acts to suspend the limitations imposed by this section but not the language which authorizes taxation of AS 43.56.010 — 43.56.210

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The second sentence of AS 29.53.055 does contain independent authorizing language, "[t]axes . . . may be levied," but it may not be construed as a grant to tax AS 43.56.010 — 43.56.210 property independent of the authority of subsection (a) of this section (as distinct from its limitations) because AS 43.56.030 and 43.56.010(b) provide that municipalities may tax AS 43.56.010 — 43.56.210 property only under this section. North Slope Borough v. Sohio Petroleum Corp., Sup. Ct. Op. No. 1750 (File Nos. 3460, 3513, 3659), 585 P.2d 534 (1978).

And all of it is entitled to a state tax

credit. North Slope Borough v. Sohio Petroleum Corp., Sup. Ct. Op. No. 1750 (File Nos. 3460, 3513, 3659), 585 P.2d 534 (1978).

Regulation denying credit for tax levied under AS 43.56.010 — 43.56.210 was invalid. — An emergency regulation which denied a credit against the tax levied by the state under AS 43.56.010(a) for property taxes collected by municipalities in excess of the limitations set forth in this section and AS 29.53.050(b) was invalid since AS 43.56.010(d) mandates that all taxes paid under AS 29.53.045 are to be credited against the levy of AS 43.56.010(a). North Slope Borough v. Sohio Petroleum Corp., Sup. Ct. Op. No. 1750 (File Nos. 3460, 3513, 3659), 585 P.2d 534 (1978).

Sec. 29.53.050. Tax limitation. (a) No municipality may levy and tax for any purpose in excess of three per cent of the assessed valuation of property within the municipality in any one year.

(b) No municipality, or combination of municipalities occupying the same geographical area, in whole or in part, may levy taxes (1) which will result in tax revenues from all sources exceeding \$1,000 a year for each person residing within their boundaries or (2) upon values which, when combined with the value of property otherwise taxable by the municipality, exceed the product of 225 per cent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality. If two or more municipalities occupying the same geographical area, in whole or in part, attempt to levy a tax (1) the combined levy of which would result in tax revenues from all sources exceeding \$1,000 a year for each person residing within their boundaries or (2) upon values which, when combined with the value of property otherwise taxable by the municipality, exceed the product of 225 per cent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality, the commissioner of community and regional affairs shall apportion the lawful levy and equitably divide these revenues on the basis of need, services performed and other considerations in the public interest. For the purpose of this subsection, population shall be determined by the commissioner of community and regional affairs based on the latest statistics of the United States Bureau of the Census or on other reliable population data. For purposes of this subsection the average per capita assessed full and true value of property in the state shall be calculated without regard to the assessed value of taxable property under AS 43.58.010 — 43.58.200. (§ 2 ch 118 SLA 1972; am § 4 ch 1 FSSLA 1973; am § 5 ch 159 SLA 1975)

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LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

March 3, 1983

SUBJECT: Repeal of certain tax limitations
(SB 112)

TO: Senator Bettye Fahrenkamp
Chairman, Senate Resources Committee

FROM: Tamara Brandt Cook
Legislative Counsel

*repealed
w/SSB 112*

TBC

You have asked for an analysis of SB 112 dealing with the repeal of certain tax limitations.

Section 1. This repeals AS 29.53.045(b) and (c). These two subsections each set out a method that a municipality may use to calculate the amount of taxes it may levy on oil and gas production and pipeline property. Subsection (a), which is not altered in this bill, authorizes a municipality to levy taxes on oil and gas production and pipeline property only by using one of the methods provided under (b) and (c). Subsection (d) which is also not altered by this bill, requires the municipality to inform the Department of Revenue which method of taxation (either (b) or (c)) it will use. Subsection (e) sets out the method of determining population and this subsection is necessary only because the methods of taxation under (b) and (c) depend upon the population of the taxing municipality. Without subsections (b) and (c) the rest of the section is unclear. If, by repealing the two subsections that set out permissible methods of taxation, the legislature intends to grant a municipality the authority to tax oil and gas production and pipeline property by whatever method it chooses, all of AS 29.53.045 should be repealed. Then a municipality, under the general power to tax conferred under AS 29.53.010, could tax oil and gas production and pipeline property in the same manner as other property.

Section 2. This repeals AS 29.53.050(b). That section imposes various tax limitations on municipalities. Subsection (b) prohibits a municipality, or combination of

March 3, 1983

municipalities occupying the same area, to levy taxes that result in revenues exceeding a specified amount of money for each resident of the municipality or to levy taxes on property values that exceed a percentage of the average per capita assessed value of property in the state multiplied by the number of residents in the municipality. These limitations on the taxing power of a municipality no longer apply under this bill. However, the limitation contained in subsection (a) remains in effect, so the only tax limitation a municipality will be bound by is that it may not levy a tax in excess of three percent of the assessed value of property in the municipality in any one year.

Section 3. This repeals the identical provisions repealed in Sec. 1 of this bill as those provisions are renumbered in the Title 29 revision bill.

Section 4. This repeals only the first sentence of AS 29.-53.050(b) as that provision is renumbered in the Title 29 revision bill. If it is intended that all provisions repealed in Sec. 2 of this bill be repealed also as renumbered under the Title 29 revision bill, then AS 29.45.090(b) through (d) should be repealed.

Section 5. This provides that Secs. 3 and 4 of this bill, repealing provisions as they are renumbered under the Title 29 revision bill, take effect only on the date the Title 29 revision bill takes effect.

Section 6. The first two sections of the bill, repealing existing law, take effect immediately.

I note that the title of this bill does not reflect the contents of the bill in that no provision in the bill repeals assessed values of property. In addition, the title does not reflect the special effective dates. A better title might be,

"An Act providing for the repeal of certain tax limitations; and providing for an effective date."

If I can be of further assistance, please let me know.

TBC:ljb
9/044

SB 112 PROVIDING FOR THE REPEAL OF THE ASSESSED VALUE OF CERTAIN
REAL PROPERTY WITHIN MUNICIPAL BOUNDARIES.

FERGUSON

Repeals sections of the existing statute, and the similar sections of SB 1 which is a rewrite of the statute on municipal government, that limit the amount of taxes that may be levied and collected on oil and gas production and pipeline property.

Would affect Ferguson's district specifically.

Current

Limit is based on number of people residing within the municipality's boundaries.

Ferguson's floor speech when bill read across:

North Slope Borough will receive fair and equitable return on lands within their jurisdiction. Lift artificial tax limitation.

C&RA did an isolated jobs census count - determined population in NSB was underestimated by 1,900 people. Adopted emergency regulations so population count could be changed ASAP - were sued by several municipalities.

(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 a copy of the lease covering the period for which the exemption is requested.

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MEMORANDUM

March 3, 1963

SUBJECT: Repeal of certain tax limitations
(SB 112)

TO: Senator Bettye Fahrenkamp
Chairman, Senate Resources Committee

FROM: Tamara Brandt Cook
Legislative Counsel

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municipalities occupying the same area, to levy taxes that result in revenues exceeding a specified amount of money for each resident of the municipality or to levy taxes on property values that exceed a percentage of the average per capita assessed value of property in the state multiplied by the number of residents in the municipality. These limitations on the taxing power of a municipality no longer apply under this bill. However, the limitation contained in subsection (a) remains in effect, so the only tax limitation a municipality will be bound by is that it may not levy a tax in excess of three percent of the assessed value of property in the municipality in any one year.

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Section 4. This repeals only the first sentence of AS 29.-53.050(b) as that provision is renumbered in the Title 29 revision bill. If it is intended that all provisions repealed in Sec. 2 of this bill be repealed also as renumbered under the Title 29 revision bill, then AS 29.45.090(b) through (d) should be repealed.

Section 5. This provides that Secs. 3 and 4 of this bill, repealing provisions as they are renumbered under the Title 29 revision bill, take effect only on the date the Title 29 revision bill takes effect.

Section 6. The first two sections of the bill, repealing existing law, take effect immediately.

I note that the title of this bill does not reflect the contents of the bill in that no provision in the bill repeals assessed values of property. In addition, the title does not reflect the special effective dates. A better title might be,

"An Act providing for the repeal of certain tax limitations; and providing for an effective date."

If I can be of further assistance, please let me know.

TBC:ljb
9/044

February 28, 1983

Billy G. Berrier, Director
Division of Legal Services
Pouch Y
Juneau, Alaska 99801


Dear Billy:

SB 112, An Act providing for the repeal of the assessed value of certain real property within municipal boundaries, is currently in the Senate Resources Committee.

Prior to scheduling hearings on this bill, I would like the Legal Division to prepare a sectional analysis of SB 112. Please include an analysis of the current situation, how SB 112 will change existing law, and why such a change is desired or necessary. In addition, what effect might this change have on the State's revenues?

Please send the analysis to the attention of Jim Palmer of my staff, Room 125 Capitol.

Sincerely,


Bettye Fahrenkamp
Chairman

BF:SS

February 28, 1983

Robert D. Heath, Commissioner
Department of Revenue
Pouch S
Juneau, Alaska 99811

Dear Rob:

SB 112, An Act providing for the repeal of the assessed value of certain real property within municipal boundaries, is currently in the Senate Resources Committee.

Prior to scheduling hearings on this bill, I would like your Department to prepare an analysis of implications such legislation might have on the State's revenues.

Please send this analysis to the attention of Jim Palmer of my staff, Room 125 Capitol.

Sincerely,

Nettie Fahrenkapp
Chairman

BF:sa

SB 112

Legislative committee report. — For report on ch. 107, SLA 1976 (SCS CSHB 583), see 1976 House Journal, p. 556.

(§ 1 ch 1 FSSL 1976)

Chapter 56. Oil and Gas Exploration, Production and Pipeline Transportation Property Taxes.

Section

- 10. Levy of tax
- 20. Exemptions
- 30. In place of other taxes
- 40. State Assessment Review Board
- 50. Per diem and expenses
- 60. Assessment
- 70. Returns
- 80. Investigation
- 90. Assessment roll
- 100. Assessment notice
- 110. Appeal to the department
- 120. Appeal to the State Assessment Review Board

Section

- 130. Hearings of State Assessment Review Board
- 135. Certification
- 140. Supplementary assessment rolls
- 150. Collection and deposit
- 160. Interest and penalty
- 170. [Repealed]
- 180. Remedy
- 190. Penalties
- 200. Regulations
- 210. Definitions

Sec. 43.56.010. Levy of tax. (a) An annual tax of 20 mills is levied each tax year beginning January 1, 1974, on the full and true value of taxable property taxable under this chapter.

(b) A municipality may levy and collect a tax under AS 29.53.045 at the rate of taxation that applies to other property taxed by the municipality. The tax shall be levied at a rate no higher than the rate applicable to other property taxable by the municipality. No municipality may exempt from taxation property authorized to be taxed under this chapter. Exemptions shall be limited to those in AS 29.53.020 and 29.53.025 and § 20 of this chapter.

(c) If the total value of assessed property of a municipality taxing under AS 29.53.045(c) exceeds the product of 225 per cent of the average per capita assessed full and true value of property in the state (to be determined by the department and reported to each municipality by January 15 of each year) multiplied by the number of residents of the taxing municipality, the department shall designate the portion of the tax base against which the local tax may be applied. For purposes of this subsection the average per capita assessed full and true value of property in the state shall be calculated without regard to the assessed value of taxable property under ch. 58 of this title.

(d) A tax paid to a municipality under AS 29.53.045 on or before June 30 of the tax year shall be credited against the tax levied under (a) of this section for that tax year. If, however, a tax is not paid to a municipality until after June 30 of the taxable year, the department upon application shall refund to the taxpayer the amount of tax paid to the municipality under AS 29.53.045. The credit or refund of taxes paid to a municipality may not exceed the total amount of tax levied by the department upon the taxpayer for the tax year, under (a) of this section.

Effect of amendment added subsection (c).

The 1976 amendment "A tax credit as authorized by credited against this section and"

Sec. 43.56.010 taxes levied or

- (1) property or produce oil
- (2) oil or gas
- (3) oil or gas
- (4) oil or gas
- (5) the value
- (6) an interest
- (7) [deleted]
- (8) [deleted]

(b) There is § 10(a) of this property which this state primary or unrefined oil production or

(c) In (a) (2) oil and gas royalty interest ch 208 SLA 1976

Effect of amendment deleted subsection (a).

Sec. 43.56.010 imposed under authorized un

(1) all other on property subject by § 20 of this

(2) all other property subject by § 20 of this

(A) taxes on sales tax on t

(§ 1 ch 1 FSSLA 1973; am § 7 ch 159 SLA 1975; am §§ 1, 2 ch 107 SLA 1976)

Effect of amendments. — The 1975 amendment added the second sentence to subsection (c).

The 1976 amendment substituted "The tax" for "A tax collected by a municipality as authorized by AS 29.53.045 shall be credited against the tax levied under (a) of this section and" at the beginning of the

second sentence of subsection (c) and added subsection (d).

Editor's note. — Section 8, ch. 159, SLA 1975, contains a severability clause.

Legislative committee report. — For report on ch. 107, SLA 1976 (SCS CSHB 583), see 1976 House Journal, p. 556.

Sec. 43.56.020. Exemptions. (a) The following are exempt from local taxes levied or authorized under § 10(b) of this chapter:

- (1) property rights attached to or inherent in the right to explore for or produce oil or gas;
- (2) oil or gas leases or properties, whether producing or not;
- (3) oil or gas in place;
- (4) oil or gas produced or extracted in the state;
- (5) the value of intangible drilling expenses and exploration expenses;
- (6) an interest in property described in AS 43.55.010(b).
- (7) [deleted]
- (8) [deleted]

(b) There is exempt from state taxes levied or authorized under § 10(a) of this chapter, before the construction commencement date, property which is committed by contract or other agreement for use in this state primarily for the production or pipeline transportation of gas or unrefined oil, or in the operation or maintenance of facilities for the production or pipeline transportation of gas or unrefined oil.

(c) In (a) (2) of this section, "properties" means mineral interests in oil and gas and working interests, royalty interests, and overriding royalty interests in oil and gas leases. (§ 1 ch 1 FSSLA 1973; am § 26 ch 208 SLA 1975)

Effect of amendment. — The 1975 amendment deleted paragraphs (7) and (8) of subsection (a), added present subsection (b) and redesignated former subsection (b) as subsection (c).

Sec. 43.56.030. In place of other taxes. Except for those taxes imposed under ch. 55 and ch. 57 of this title, the taxes levied or authorized under § 10(b) of this chapter are in place of

- (1) all other ad valorem taxes or other taxes imposed by a municipality on property subject to tax under this chapter or exempted from taxation by § 20 of this chapter, and
- (2) all other taxes imposed by a municipality on or with respect to the property subject to tax under this chapter or exempted from taxation by § 20 of this chapter, including, but not limited to,
 - (A) taxes on the retail sale or use of the property except for the retail sales tax on the first \$1,000 of each sale;

- (B) taxes on the sale or use of gas or unrefined oil;
- (C) taxes on the sale or use of services used in or associated with the property or in its maintenance or operation except for the sales tax on the first \$1.000 of each sale;
- (D) taxes on or measured by gross or net income from the property, including income from the exploration for, production of, or pipeline transportation of gas or unrefined oil or property; and
- (E) any license, excise, fee, charge or other tax on or pertaining to the property or services. (§ 1 ch 1 FSSLA 1973; am § 55 ch 127 SLA 1974;

Effect of amendment. — The 1974 amendment deleted "erection, construction" preceding "maintenance" in paragraph (2)(C). Legislative committee report. — For report on ch. 127, SLA 1974 (SCSHB 817 am S), see 1974 House Journal, p. 657.

Sec. 43.56.040. State Assessment Review Board. The State Assessment Review Board is created within the Department of Revenue. The board consists of five persons appointed by the governor to serve at his pleasure, each of whom must be knowledgeable of assessment procedures. Each board member is subject to confirmation by a majority of the members of the legislature in joint session. (§ 1 ch 1 FSSLA 1973)

Sec. 43.56.050. Per diem and expenses. Members of the board shall receive per diem and expenses authorized by law for boards and commissions. (§ 1 ch 1 FSSLA 1973)

Sec. 43.56.060. Assessment. (a) The department shall assess property for the tax levied under § 10(b) of this chapter and AS 29.53.045 on property used or committed by contract or other agreement for use for the pipeline transportation of gas or unrefined oil or for the production of gas or unrefined oil at its full and true value as of January 1 of the assessment year.

(b) The department shall assess property for the taxes levied under § 10(a) of this chapter at its full and true value as of January 1 of the assessment year except that in the case of taxable property used or committed by contract or other agreement for the pipeline transportation of gas or unrefined oil or for the production of gas or unrefined oil to be transported by that pipeline, the first assessment date shall be the construction commencement date. If the construction commencement date is used as the assessment date, the tax payable shall be prorated on the basis of the assessment year remaining.

(c) The full and true value of taxable property used or committed by contract or other agreement for use in the exploration for gas or unrefined oil, or in the operation or maintenance of facilities for the exploration for gas or unrefined oil, is the estimated price which the property would bring in an open market and under the then prevailing

market could both convert levels.

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market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels.

(d) The full and true value of taxable property used or committed by contract or other agreement for the production of gas or unrefined oil or in the operation or maintenance of facilities for the production of gas or unrefined oil is:

(1) on the construction commencement date the actual cost incurred or accrued with respect to the property as of the date of assessment;

(2) determined on each January 1 thereafter on the basis of replacement cost less depreciation based on the economic life of proven reserves.

(e) The full and true value of taxable property used or committed by contract or other agreement for pipeline transportation of gas or unrefined oil or in the operation or maintenance of facilities for the pipeline transportation of gas or unrefined oil is:

(1) on the construction commencement date and until January 1 following the date the pipeline begins to transport gas or unrefined oil, the actual cost incurred or accrued with respect to the property as of the date of assessment;

(2) determined on each January 1 thereafter with due regard to the economic value of the property based on the estimated life of the proven reserves of gas or unrefined oil then technically, economically and legally deliverable into the transportation facility; however, if the proven reserves of gas or unrefined oil then technically, economically and legally deliverable indicate an economic life materially shorter than the estimated physical life of the transportation facility, the full and true value is the actual cost reduced by an annual allowance for depreciation on a straight line basis over an economic life based on the actual elapsed life from the commencement of full operation to the date of assessment plus the estimated remaining life of the proven reserves of gas and unrefined oil then technically, economically and legally deliverable into the transportation facility as of the date of the assessment;

(3) on the assessment date next following inability to use or construct all or a substantial part of the facility for a period of 90 or more consecutive days because of natural disaster or legal prohibition, or other events beyond the control of a person having ownership or control of the property, adjusted to take into account any diminution in value.

(f) For purposes of this section, "actual cost" and "replacement cost" do not include interest capitalized before or during the period of construction nor the value of intangible drilling expenses. In the case of taxable property under construction, "actual cost" for purposes of this section means the costs incurred or accrued with respect to the property as of the date of assessment.

(g) The department may enter into agreements with a municipality for the cooperative or joint administration of the assessing authority conferred on the department by this section. (§ 1 ch 1 FSSLA 1973)

Sec. 43.56.070. Returns. (a) The department may require by notice every person having ownership or control of an interest in property taxable under this chapter to submit a return in the form prescribed by the department based on property values existing on January 1 of each year, except as otherwise provided in this chapter.

(b) The department by written notice may require a person to provide additional information within 30 days of the notice. (§ 1 ch 1 FSSLA 1973)

Sec. 43.56.080. Investigation. (a) The department may make an investigation of property on which a return has been filed or of taxable property upon which no return has been filed. In either case, the department may make its own valuation of the taxable property, which is prima facie evidence of full and true value.

(b) An employee or agent of the department may enter any premise necessary for the investigation during reasonable hours and may examine property and appropriate records. The owner of the taxable property upon request shall furnish to the employee or agent of the department reasonable assistance required for the investigation. If refused entry, the department may seek a court order to compel entry.

(c) For the purpose of the investigation the owner of the taxable property or his representative may be required to present himself for examination under oath by the department. (§ 1 ch 1 FSSLA 1973)

Sec. 43.56.090. Assessment roll. The department shall prepare annually the assessment roll for taxation under this chapter. The roll shall contain:

- (1) a description of all taxable property;
- (2) the assessed value of all taxable property;
- (3) the names and addresses of persons owning property subject to assessment and taxation. (§ 1 ch 1 FSSLA 1973)

Sec. 43.56.100. Assessment notice. (a) On or before March 1 of each year, the department shall send to every owner of taxable property named in the assessment roll a notice of assessment, showing the assessed value of the property. Notice of assessment is effective on the date of mailing.

(b) The department shall send to a municipality a copy of the notice of assessment on any taxable property which is assessed under the provisions of this chapter and which is located in the municipality and on which a tax is authorized under § 10(b) of this chapter. (§ 1 ch 1 FSSLA 1973)

Sec. 43.56.110. Appeal to the department. (a) An owner of taxable property or a municipality receiving an assessment notice may object

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Sec. 43.56.120
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Sec. 43.56.130
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to the assessment by advising the department in writing of the objections to the assessment within 20 days of the effective date of the notice.

(b) The department shall provide by regulation for notices of appeals to interested persons and municipalities.

(c) Following an objection the department may adjust the assessment and the assessment roll. An adjustment based on an objection from an owner of taxable property or a municipality shall be made within 30 days of the effective date of the notice of assessment. (§ 1 ch 1 FSSLA 1973)

Sec. 43.56.120. Appeal to the State Assessment Review Board. (a) After a ruling by the department on an appeal made under § 110 of this chapter, the owner or a municipality may further appeal to the board. The appeal must be filed in writing within 50 days of the effective date of the notice of assessment.

(b) The board shall provide by regulation for notices of appeals to interested persons and municipalities. (§ 1 ch 1 FSSLA 1973)

Sec. 43.56.130. Hearings of State Assessment Review Board. (a) The board shall hear appeals filed under § 120(a) of this chapter.

(b) A majority of the board constitutes a quorum required to transact business.

(c) The board shall provide by regulation for notices of hearings to interested persons and municipalities.

(d) If an appellant fails to appear at the hearing, the board may proceed with the hearing in his absence.

(e) The appellant bears the burden of proof at the hearing.

(f) The only grounds for adjustment of assessed value is proof of unequal, excessive or improper valuation or valuation not determined in accordance with the standards set out in this chapter, based on facts stated in a written appeal timely filed or proved at the hearing.

(g) The board shall certify its determinations to the department within seven days of the hearing.

(h) Repealed by § 5 ch 107 SLA 1976.

(i) An owner or municipality may appeal to the superior court for, and is entitled to, trial de novo of the board's action. (§ 1 ch 1 FSSLA 1973; am § 5 ch 107 SLA 1976)

Effect of amendment. — The 1976 amendment repealed subsection (h), which read: "The department shall enter the changes and certify the final assessment roll on or before June 1 of each year and by July 1 shall mail to the owner of taxable

property or his authorized agent a statement of the amount of tax due."

Legislative committee report. — For report on ch. 107, SLA 1976 (SCS CSBB 582), see 1976 House Journal, p. 556.

Sec. 43.56.135. Certification. No later than June 1 of each year, the department shall certify the final assessment roll and mail to the owner of the taxable property or his authorized agent a statement of the amount of tax due. (§ 4 ch 107 SLA 1976)

Legislative committee report. — For report on ch. 107, SLA 1976 (SCS CSHB 553), see 1976 House Journal, p. 556.

Sec. 43.56.140. Supplementary assessment rolls. The department shall include property omitted from the assessment roll on a supplementary roll, using the procedures set out in this chapter for the original roll. (§ 1 ch 1 FSSLA 1973)

Sec. 43.56.150. Collection and deposit. (a) The tax levied by § 10(a) of this chapter is payable to the department on or before June 30 of the taxable year.

(b) The department may provide for voluntary prepayment and for payment by installments.

(c) The tax levied under § 10(a) of this chapter, interest and penalties collected with respect to this levy shall be deposited in the general fund. (§ 1 ch 1 FSSLA 1973; am § 3 ch 107 SLA 1976)

Effect of amendment. — The 1976 amendment substituted "June 30" for "September 30" in subsection (a).

Legislative committee report. — For report on ch. 107, SLA 1976 (SCS CSHB 553), see 1976 House Journal, p. 556.

Sec. 43.56.160. Interest and penalty. When the tax levied by § 10(a) of this chapter becomes delinquent, a penalty of 10 per cent shall be added. Interest on the delinquent taxes, exclusive of penalty, shall be assessed at a rate of eight per cent a year. (§ 1 ch 1 FSSLA 1973)

Sec. 43.56.170. Lien for tax.

Repealed by § 4 ch 94 SLA 1976.

Cross reference. — For present provisions covering the subject matter of the repealed section, see AS 43.10.035.

Editor's note. — The repealed section derived from § 1, ch. 1, FSSLA 1973.

Sec. 43.56.180. Remedy. The remedy of distraint of property set out in AS 43.20.270 applies to the tax levied by § 10(a) of this chapter. However, only property subject to the tax may be distrained. (§ 1 ch 1 FSSLA 1973)

Sec. 43.56.190. Penalties. A person who knowingly fails to file a return when due or who makes a false statement in a return required under this chapter with intent to evade taxation is guilty of a misdemeanor and upon conviction is punishable by a fine of not more than \$1,000, or by imprisonment for not more than six months, or by both, together with the costs of prosecution, notwithstanding the provisions of AS 12.80.030. (§ 1 ch 1 FSSLA 1973)

Sec. 43.56.200. Regulations. The board and the department may adopt regulations in accordance with the Administrative Procedure Act

(AS 44.62) as at chapter. (§ 1 ch

Sec. 43.56.21

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(AS 44.62) as appropriate to carry out their respective duties under this chapter. (§ 1 ch 1 FSSLA 1973)

Sec. 43.56.210. Definitions. In this chapter

(1) "board" means State Assessment Review Board;

(2) "construction commencement date" means the earlier of April 1, 1974 or the date the following occur:

(A) there has been issued to the owner or his agent right-of-way permits, leases, and title and other rights in lands, and other approvals, permits, licenses and certificates, by federal, state and local agencies that a reasonable and prudent person would consider adequate to commence construction of the facilities in the expectation that all other approvals, permits, licenses and certificates necessary for the completion of facilities will be obtained;

(B) all approvals, permits, licenses and certificates are in full force and effect, unrevoked and without any modification, which might jeopardize the completion or continued construction of the facilities; and

(C) no order, judgment, decree, determination or award of a federal, state or local court or administrative or regulatory agency enjoining, either temporarily or permanently, the construction or the continuation of construction of the facilities is in effect;

(3) "department" means the Department of Revenue;

(4) "gas" includes all natural gas and all hydrocarbons produced at the wellhead not defined as oil;

(5) "intangible drilling expenses" means those expenses defined in sec. 263(c) of the United States Internal Revenue Code as defined on the effective date of this paragraph;

(6) "taxable property" means real and tangible personal property used or committed by contract or other agreement for use within this state primarily in the exploration for, production of, or pipeline transportation of gas or unrefined oil (except for property used solely for the retail distribution or liquefaction of natural gas), or in the operation or maintenance of facilities used in the exploration for, production of, or pipeline transportation of gas or unrefined oil, including machinery, appliances, supplies, equipment, drilling rigs, wells (whether producing or not), gathering lines and transmission lines, pumping stations, compressor stations, power plants, topping plants, processing units, roads, tank farms, tanker terminals, docks and other port facilities, air strips and communication equipment and facilities, maintenance equipment and facilities, and maintenance camps and other related facilities; "taxable property" does not include permanent residences, office buildings requiring substantial local government services, or oil and gas pipeline systems owned and operated by a certificated public utility regulated by the Alaska Public Utilities Commission;

(7) "unrefined oil" includes crude petroleum oil and other hydrocarbons regardless of gravity which are produced at the wellhead

in liquid form and the liquid hydrocarbons known as distillate or condensate recovered or extracted from gas other than gas produced in association with oil and commonly known as casinghead gas;

(8) "municipality" means a home rule or general law city or borough and includes but is not limited to a unified municipality organized under AS 29.68. (§ 1 ch 1 FSSLA 1973; am § 27 ch 208 SLA 1975; am § 8 ch 136 SLA 1977)

Effect of amendments. — The 1975 amendment added paragraph (8).

The 1977 amendment substituted "oil and gas pipeline systems owned and operated by certificated public utility" for "gas pipeline systems operated as utilities and" near the end of paragraph (6).

Editor's note. — Section 11, ch. 136, SLA 1977, provides: "This Act applies to production during the month of July, 1977 and succeeding months."

Chapter 57. Oil and Gas Regulation and Conservation Tax.

Section

10. Oil and gas regulation and conservation tax

Sec. 43.57.010. Oil and gas regulation and conservation tax. (a) There is levied upon the producer of oil a tax of one-eighth of one cent on each barrel of oil removed or sold from each lease or property in the state, less any part the ownership or right to which is exempt from taxation.

(b) The tax is in addition to and shall be administered and paid in the same manner as the taxes imposed by ch. 55 of this title. Producers of oil are required to make reports of production in the same manner and under the same penalties as required by ch. 55 of this title.

(c) Proceeds from the tax shall be paid into the general fund. (§ 1 ch 5 FSSLA 1973)

Chapter 58. Oil and Gas Reserves Ad Valorem Tax.

Section

10. Ad valorem tax
20. Exemptions
30. Credit against tax
40. Assessment
50. Assessment roll
60. Assessment notice
70. Appeal
80. Certification
90. Supplemental assessment rolls
100. Investigation
110. Returns and payment of tax

Section

120. Civil penalty
130. Interest
140. [Repealed]
150. Remedy
160. Regulations
170. Termination of tax
180. Accrual of early development incentive credit
190. Definitions
200. Payment to Alaska Native Fund

Editor's note. — 1975 provides "Exc section. if a provis reason is invalid or validity or unenforc shall not affect the or any of the other However, if AS 42 any of those parag reason held invalid Act shall be void i effect whatsoever.

Section 9, ch. 13 AS 43.58.030, 43.5 are included in this

Sec. 43.58.0 year beginning property unde

(b) The rate mills.

(c) [deleted]

(d) [deleted]

Cross. referenc this chapter.

Effect of am amendment add subsection (b) and

Sec. 43.58. otherwise be chapter:

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SEE PAGES 111-113

1 division plat and amend it in response to the determination of non-
2 compliance by the platting authority under (b) of this section. The
3 platting authority shall respond within 30 days to the amendment or
4 response from the commissioner of natural resources.

5 (d) Notwithstanding any other provision of law, the provisions
6 of this section apply to all disposals of land under AS 38.05 or
7 AS 38.08.

8 (e) Nothing in this section relieves the Department of Natural
9 Resources of its obligation to provide legal access to a subdivision.

10 (f) As used in this section, "capital improvements" includes but
11 is not limited to access roads, other physical improvements, and their
12 design and engineering.

13 (g) This section applies to home rule and general law municipal-
14 ities.

15 * Sec. 11. AS 29 is amended by adding a new chapter to read:

16 CHAPTER 45. MUNICIPAL TAXATION.

17 ARTICLE 1. MUNICIPAL PROPERTY TAX.

18 Sec. 29.45.010. PROPERTY TAX. (a) A unified municipality may
19 levy a property tax. A borough may levy

20 (1) an areawide property tax for areawide functions;
21 (2) a nonareawide property tax for functions limited to the
22 area outside cities;

23 (3) a property tax in a service area for functions limited
24 to the service area.

25 (b) A home rule or first class city may levy a property tax
26 subject to AS 29.45.550 - 29.45.560. A second class city may levy a
27 property tax subject to AS 29.45.590.

28 (c) If a tax is levied on real property or on personal property,
29 the tax must be assessed, levied, and collected as provided in this

1 chapter.

2 Sec. 29.45.020. TAXPAYER NOTICE. (a) If a municipality levies
3 and collects property taxes, the governing body shall provide the
4 following notice:

5 "NOTICE TO TAXPAYER

6 For the current fiscal year the (city)(borough) has been allo-
7 cated the following amount of state aid for school and municipal
8 purposes under the applicable financial assistance Acts:

9 PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE	
10 (AS 14.17)	\$
11 STATE AID FOR RETIREMENT OF SCHOOL CONSTRUC-	
12 TION DEBT (AS 43.18.100)	\$
13 MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE	
14 (AS 29.60.010 - 29.60.080)	\$
15 STATE AID FOR MISCELLANEOUS MUNICIPAL	
16 SERVICES (AS 29.60.100 - 29.60.180)	\$
17 TOTAL AID	\$

18 The millage equivalent of this state aid, based on the dollar
19 value of a mill in the municipality during the current assessment
20 year and for the preceding assessment year, is:

21	MILLAGE EQUIVALENT	
22	PREVIOUS YEAR	THIS YEAR
23 PUBLIC SCHOOL FOUNDATION PROGRAM		
24 ASSISTANCEMILLSMILLS
25 STATE AID FOR RETIREMENT OF		
26 SCHOOL CONSTRUCTION DEBTMILLSMILLS
27 MUNICIPAL TAX RESOURCE EQUALI-		
28 ZATION ASSISTANCEMILLSMILLS
29 STATE AID FOR MISCELLANEOUS		

1 MUNICIPAL SERVICES MILLS MILLS
2 TOTAL MILLAGE EQUIVALENT MILLS MILLS"

3 Notice shall be provided

4 (1) by furnishing a copy of the notice with tax statements
5 mailed for the fiscal year for which aid is received; or

6 (2) by publishing in a newspaper of general circulation in
7 the municipality a copy of the notice once each week for a period of
8 three successive weeks, with publication to occur not later than 45
9 days after the final adoption of the municipality's budget.

10 (b) Compliance with the provisions of this section is a pre-
11 requisite to receipt of municipal tax resource equalization assistance
12 under AS 29.60.010 - 29.60.080 and state aid for miscellaneous munici-
13 pal services under AS 29.60.100 - 29.60.180. The department shall
14 withhold annual allocations under those sections until municipal
15 officials demonstrate that the requirements of this section have been
16 met.

17 Sec. 29.45.030. REQUIRED EXEMPTIONS. (a) The following prop-
18 erty is exempt from general taxation:

19 (1) municipal, state, or federally owned property, except
20 that a private leasehold, contract, or other interest in the property
21 is taxable to the extent of the interest;

22 (2) household furniture of the head of a family or house-
23 hold;

24 (3) property used exclusively for nonprofit religious,
25 charitable, cemetery, hospital, or educational purposes;

26 (4) property of a nonbusiness organization or its auxiliary
27 composed entirely of persons with 90 days or more of active service in
28 the armed forces of the United States whose conditions of service and
29 separation were other than dishonorable;

1 (5) money on deposit;

2 (6, the real property of certain residents of the state to
3 the extent and subject to the conditions provided in (e) of this sec-
4 tion;

5 (7) real property or interests in real property that are
6 exempt from taxation under 43 U.S.C. 1620(d), as amended, as more
7 fully provided in (m) and (n) of this section.

8 (b) "Property used exclusively for religious purposes" includes
9 the following property owned by a religious organization:

10 (1) the residence of a bishop, pastor, priest, rabbi,
11 minister, or religious order of a recognized religious organization;

12 (2) a structure, its furniture, and its fixtures used
13 solely for public worship, charitable purposes, religious administra-
14 tive offices, religious education, or a nonprofit hospital;

15 (3) lots required by local ordinance for parking near a
16 structure defined in (2) of this subsection.

17 (c) Property described in (a)(3) or (4) or (b) of this section
18 from which income is derived is exempt only if that income is solely
19 from use of the property by nonprofit religious, charitable, hospital,
20 or educational groups. If used by nonprofit educational groups, the
21 property is exempt only if used exclusively for classroom space.

22 (d) Laws exempting certain property from execution under the
23 Code of Civil Procedure (AS 09) do not exempt the property from taxes
24 levied and collected by municipalities.

25 (e) The real property owned and occupied as a permanent place of
26 abode by a resident 65 years of age or over is exempt from taxation of
27 the assessed value of the real property. Real property may not be
28 exempted under this subsection that the assessor determines, after
29 notice and hearing to the parties concerned, has been conveyed to the

1 applicant primarily for the purpose of obtaining the exemption. The
2 determination of the assessor is appealable under AS 44.62.560 and
3 44.62.570.

4 (f) An exemption may not be granted under (e) of this section
5 except upon written application for the exemption on a form prescribed
6 by the state assessor for use by local assessors. The claimant must
7 file the application no later than January 15, or a date provided by
8 ordinance that is not later than March 31, of the assessment year for
9 which the exemption is sought. The governing body of the municipality
10 for good cause shown may waive during a year the claimant's failure to
11 make timely application for exemption for that year and authorize the
12 assessor to accept the application as if timely filed. The claimant
13 must file a separate application for each assessment year in which the
14 exemption is sought. If an application is filed within the required
15 time and is approved by the assessor, the assessor shall allow an
16 exemption in accordance with the provisions of this section. If a
17 failure to file by January 15, or a date provided by ordinance that is
18 not later than March 31, of the assessment year has been waived as
19 provided in this subsection and the application for exemption is
20 approved, the amount of tax that the claimant has already paid for the
21 assessment year for the property exempted shall be refunded to the
22 claimant. The assessor may at any time require proof in the form the
23 assessor considers necessary of the right and amount of an exemption
24 claimed under (e) of this section.

25 (g) The state shall reimburse a borough or city, as appropriate,
26 for the real property tax revenues lost to it by the operation of (e)
27 of this section. However, reimbursement will be made to a municipal-
28 ity for revenue lost to it only to the extent that the loss exceeds an
29 exemption that was granted by the municipality, or that on proper

1 application by an individual would have been granted under AS 29.45.-
2 050(a).

3 (h) Except as provided in (g) of this section, nothing in (e) -
4 (j) of this section affects similar exemptions from property taxes
5 granted by a municipality on September 10, 1972, or prevents a munici-
6 pality from granting similar exemptions by ordinance as provided in
7 AS 29.45.050.

8 (i) In (e) - (i) of this section "real property" includes but is
9 not limited to mobile homes, whether classified as real or personal
10 property for municipal tax purposes.

11 (j) One motor vehicle per household owned by a resident 65 years
12 of age or older on January 1 of the assessment year is exempt either
13 from taxation on its assessed value or from the registration tax under
14 AS 28.10.431. An exemption may be granted under this subsection only
15 upon written application on a form prescribed by the Department of
16 Public Safety. The state shall reimburse a municipality for tax reve-
17 nues lost to it because of the exemption required by this subsection.
18 Reimbursement to a municipality equals the amount of registration tax
19 authorized under AS 28.10.431(b) for each vehicle exempted under this
20 subsection.

21 (k) The department shall adopt regulations to implement the pro-
22 visions of (g) and (j) of this section.

23 (l) Two percent of the assessed value of a structure is exempt
24 from taxation if the structure contains a fire protection system ap-
25 proved under AS 19.70.081, in operating condition, and incorporated as
26 a fixture or part of the structure. The exemption granted by this
27 subsection is limited to

28 (1) an amount equal to two percent of the value of the
29 structure based on the assessment for 1981, if the fire protection

1 system is a fixture of the structure on January 1, 1981; or

2 (2) an amount equal to two percent of the value of the
3 structure based on the assessment as of January 1 of the year immedi-
4 ately following the installation of the fire protection system if the
5 fire protection system becomes a fixture of the structure after
6 January 1, 1981.

7 (m) The tax exemption required by 43 U.S.C. 1620(d), as amended,
8 shall be implemented according to the following conditions and inter-
9 pretations:

10 (1) "developed" means a purposeful modification of the
11 property from its original state that effectuates a condition of
12 gainful or productive present use without further substantial modifi-
13 cation; surveying, construction of roads, providing utilities or other
14 similar actions normally considered to be component parts of the
15 development process, but which do not create the condition described
16 in this paragraph, do not constitute a developed state within the
17 meaning of this paragraph; developed property, in order to remove the
18 exemption, must be developed for purposes other than exploration, and
19 be limited to the smallest practicable tract of the property actually
20 used in the developed state;

21 (2) "exploration" means the examination and investigation
22 of undeveloped land to determine the existence of subsurface nonrenew-
23 able resources;

24 (3) "lease" means a grant of primary possession entered
25 into for gainful purposes with a determinable fee remaining in the
26 hands of the grantor; with respect to a lease that conveys rights of
27 exploration and development, this exemption shall continue with re-
28 spect to that portion of the leased tract that is used solely for the
29 purpose of exploration.

1 (n) If the property or interest in the property reverts to an
2 undeveloped state, or if the lease is terminated, the exemption shall
3 be reinstated, subject to the provisions of (m) of this section.

4 Sec. 29.45.040. PROPERTY TAX EQUIVALENCY PAYMENTS. (a) A
5 resident of the state 65 years of age or older who rents a permanent
6 place of abode is eligible for tax equivalency payments from the state
7 through the department.

8 (b) For purposes of determining payments to eligible persons,
9 the department shall calculate a property tax equivalent percentage
10 for each municipality that levies a property tax at the rate of one
11 percent per mill. The property tax equivalent percentage applied to
12 the annual rent charged to the applicant equals the property tax
13 equivalency payment payable under this section.

14 (c) To obtain tax equivalency payments the eligible resident
15 must apply to the department for payment for the preceding year by
16 January 15 of each year on forms and in the manner prescribed by the
17 department. Each applicant shall submit with the application rental
18 receipts or, if rental receipts are not available, other evidence
19 satisfactory to the department for determination of the fact of pay-
20 ment of rent and the amount paid.

21 (d) If two or more persons occupy a residence as tenants, not
22 all of whom are eligible for tax equivalency payments under this
23 section, the assessor shall determine equitable partial payments to be
24 made to the eligible tenants. However, tax equivalency payments to an
25 eligible applicant may not be reduced because the spouse is less than
26 65 years of age. If all occupants in a residence are eligible for tax
27 equivalency payments under this section, the occupants shall decide
28 between and among themselves which shall receive payment.

29 Sec. 29.45.050. OPTIONAL EXEMPTIONS AND EXCLUSIONS. (a) A

1 municipality may exclude or exempt or partially exempt residential
2 property from taxation by ordinance ratified by the voters at an
3 election. An exclusion or exemption authorized by this section may
4 not exceed the assessed value of \$10,000 for any one residence.

5 (b) A municipality may by ordinance

6 (1) classify boats and vessels for the purposes of taxation
7 and may establish the assessed valuation of boats and vessels on the
8 basis of their registered or certificated net tonnage;

9 (2) classify and exempt from taxation

10 (A) the property of an organization not organized for
11 business or profit-making purposes and used exclusively for
12 community purposes if the income derived from rental of that
13 property does not exceed the actual cost to the owner of the use
14 by the renter;

15 (B) historic sites, buildings, and monuments;

16 (C) land of a nonprofit organization used for agricul-
17 tural purposes if rights to subdivide the land are conveyed to
18 the state and the conveyance includes a covenant restricting use
19 of the land to agricultural purposes only; rights conveyed to the
20 state under this subparagraph may be conveyed by the state only
21 in accordance with AS 38.05.069(c);

22 (3) exempt personal property from taxation.

23 (c) The provisions of (a) of this section notwithstanding,

24 (1) a borough may, by ordinance, adjust its property tax
25 structure in whole or in part to the property tax structure of a city
26 in the borough, including but not limited to, excluding personal
27 property from taxation, establishing exemptions, and extending the
28 redemption period;

29 (2) a home rule or first class city has the same power to

1 grant exemptions or exclude property from borough taxes that it has as
2 to city taxes if

3 (A) the exemptions or exclusions have been adopted as
4 to city taxes; and

5 (B) the city appropriates to the borough sufficient
6 money to equal revenues lost by the borough because of the exemp-
7 tions or exclusions, the amount to be determined annually by the
8 assembly;

9 (3) a city in a borough may, by ordinance, adjust its prop-
10 erty tax structure in whole or in part to the property tax structure
11 of the borough, including but not limited to exempting or partially
12 exempting property from taxation.

13 (d) Exemptions or exclusions from property tax that have been
14 granted by a home rule municipality in addition to exemptions autho-
15 rized or required by law, and that are in effect on September 10,
16 1972, and not later withdrawn, are not affected by this chapter.

17 (e) A municipality may by ordinance classify and exempt or par-
18 tially exempt from taxation privately owned land, wet land and water
19 areas for which a scenic, conservation, or public recreation use ease-
20 ment is granted to a governmental body. To be eligible for a tax
21 exemption, or partial exemption, the easement must be in perpetuity.
22 However, the easement is automatically terminated before an eminent
23 domain taking of fee simple title or less than fee simple title to the
24 property, so that the property owner is compensated at a rate that
25 does not reflect the easement grant.

26 (f) A municipality may by ordinance exempt from taxation all or
27 part of the increase in assessed value of improvements to real prop-
28 erty if an increase in assessed value is directly attributable to
29 alteration of the natural features of the land, or new maintenance,

1 repair, or renovation of an existing structure, and if the alteration,
2 maintenance, repair, or renovation, when completed, enhances the
3 exterior appearance or aesthetic quality of the land or structure. An
4 exemption may not be allowed under this subsection for the construc-
5 tion of an improvement to a structure if the principal purpose of the
6 improvement is to increase the amount of space for occupancy or non-
7 residential use in the structure or for the alteration of land as a
8 consequence of construction activity. An exemption provided in this
9 subsection may continue for up to four years from the date the im-
10 provement is completed, or from the date of approval for the exemption
11 by the local assessor, whichever is later.

12 (g) A municipality may by ordinance exempt from taxation all or
13 part of the increase in assessed value of improvements to a single-
14 family dwelling if the principal purpose of the improvement is to
15 increase the amount of space for occupancy. An exemption provided in
16 this subsection may continue for up to two years from the date the
17 improvement is completed, or from the date of approval of an applica-
18 tion for the exemption by the local assessor, whichever is later.

19 Sec. 29.45.060. FARM OR AGRICULTURAL LAND AND GREENHOUSES. (a)
20 Farm use land included in a farm unit and not dedicated or being used
21 for nonfarm purposes shall be assessed on the basis of full and true
22 value for farm use and may not be assessed as if subdivided or used
23 for some other nonfarm purpose. A farm use greenhouse, whether clas-
24 sified as real or personal property for municipal tax purposes, shall
25 be assessed on the basis of full and true value for farm use. The
26 assessor shall maintain records valuing the land or greenhouse for
27 both full and true value and farm use value. If the land or green-
28 house is sold, leased, or otherwise disposed of for uses incompatible
29 with farm use or converted to a use incompatible with farm use by the

1 owner, the owner is liable to pay an amount equal to the additional
2 tax at the current mill levy together with eight percent interest for
3 the preceding seven years, as though the land or greenhouse had not
4 been assessed for farm use purposes. Payment by the owner shall be
5 made to the state to the extent of its reimbursement for revenue loss
6 under (e) of this section for the preceding seven years. The balance
7 of the payment shall be made to the municipality.

8 (b) An owner of farm use land or a farm use greenhouse must, to
9 secure the assessment under this section, apply to the assessor before
10 May 15 of each year in which the assessment is desired. The applica-
11 tion shall be made upon forms prescribed by the state assessor for the
12 use of the local assessor, and shall include information that may
13 reasonably be required to determine the entitlement of the applicant.
14 If the land or greenhouse is leased for farm use purposes, the appli-
15 cant shall furnish to the assessor a copy of the lease bearing the
16 signatures of both lessee and lessor along with the completed applica-
17 tion. The applicant shall furnish the assessor a copy of the lease
18 covering the period for which the exemption is requested.

19 (c) In this section "farm use" means the use of land or a green-
20 house for profit for raising and harvesting crops or ornamental
21 plants, for the feeding, breeding, and management of livestock, for
22 dairying, or another agricultural use, or any combination of these.
23 To be farm use land, the owner or lessee must be actively engaged in
24 farming the land, and derive at least 10 percent of yearly gross
25 income from the land. To be a farm use greenhouse, the owner or
26 lessee must derive at least 10 percent of yearly gross income from the
27 greenhouse or from the greenhouse together with other commercial
28 greenhouses or farm use land. This section does not apply to land for
29 which the owner has granted, and has outstanding, a lease or option to

1 buy the surface rights. A property owner wishing to file for farm use
2 classification having no history of farm-related income may submit a
3 declaration of intent at the time of filing the application with the
4 assessor setting out the intended use of the land or greenhouse and
5 the anticipated percentage of income. An applicant using this proce-
6 dure shall file with the assessor before February 1 of the following
7 year a notarized statement of the percentage of gross income attribut-
8 able to the land or greenhouse. Failure to make the filing required
9 in this subsection forfeits the exemption.

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

13 (e) Subject to legislative appropriations for the purpose, the
14 state shall reimburse a borough or city, as appropriate, for the prop-
15 erty tax revenues lost to it by the operation of this section.

16 Sec. 29.45.070. MOBILE HOMES. Mobile homes, trailers, house
17 trailers, trailer coaches and similar property used or intended to be
18 used for residential, office, or commercial purposes and attached to
19 the land or connected to water, gas, electric, or sewage facilities
20 are classified as real property for tax purposes unless expressly
21 classified as personal property by ordinance. This section does not
22 apply to house trailers and mobile homes that are unoccupied and held
23 for sale by persons engaged in the business of selling mobile homes.

24 Sec. 29.45.080. TAX ON OIL AND GAS PRODUCTION AND PIPELINE PROP-
25 erty. (a) A municipality may levy and collect taxes on property
26 taxable under AS 43.56 only by using one of the methods set out in (b)
27 or (c) of this section.

28 (b) A municipality may levy and collect a tax on the full and
29 true value of property taxable under this chapter and under AS 43.56

1 as valued by the Department of Revenue at a rate not to exceed that
2 which produces an amount of revenue from the total municipal property
3 tax equivalent to \$1,500 a year for each person residing in its bound-
4 aries.

5 (c) A municipality may levy and collect a tax on the full and
6 true value of that portion of property taxable under this chapter and
7 under AS 43.56 as assessed by the Department of Revenue which value,
8 when combined with the value of property otherwise taxable by the
9 municipality, does not exceed the product of 225 percent of the aver-
10 age per capita assessed full and true value of property in the state
11 multiplied by the number of residents of the taxing municipality. For
12 purposes of this subsection, the average per capita assessed full and
13 true value of property in the state shall be calculated without regard
14 to the assessed value of taxable property under AS 43.58.

15 (d) By February 1 of each assessment year a taxing municipality
16 must inform the Department of Revenue which method of taxation the
17 municipality will use.

18 (e) For purposes of this section, population shall be determined
19 by the commissioner based on the latest statistics of the United
20 States Bureau of the Census or on other reliable population data, and
21 the commissioner shall advise each municipality of its population by
22 January 15 of each year.

23 **Sec. 29.43.090. TAX LIMITATION.** (a) A municipality may not,
24 during a year, levy and tax for any purpose in excess of three percent
25 of the assessed value of property in the municipality. All property
26 on which a tax is levied shall be taxed at the same rate during the
27 year.

28 (b) A municipality, or combination of municipalities occupying
29 the same geographical area, in whole or in part, may not levy taxes

4,1000-existing statute

1 (1) that will result in tax revenues from all sources ex-
2 ceeding \$1,500 a year for each person residing within the municipal
3 boundaries; or

4 (2) upon value that, when combined with the value of prop-
5 erty otherwise taxable by the municipality, exceeds the product of 225
6 percent of the average per capita assessed full and true value of
7 property in the state multiplied by the number of residents of the
8 taxing municipality.

9 (c) The commissioner shall apportion the lawful levy and equi-
10 tably divide the tax revenues on the basis of need, services per-
11 formed, and other considerations in the public interest if two or more
12 municipalities occupying the same geographical area, in whole or in
13 part, attempt to levy a tax

14 (1) the combined levy of which would result in tax revenues
15 from all sources exceeding \$1,500 a year for each person residing
16 within the municipal boundaries; or

17 (2) upon value that, when combined with the value of prop-
18 erty otherwise taxable by the municipality, exceeds the product of 225
19 percent of the average per capita assessed full and true value of
20 property in the state multiplied by the number of residents of the
21 taxing municipality.

22 (d) For the purpose of (b) and (c) of this section, population
23 shall be determined by the commissioner based on the latest statistics
24 of the United States Bureau of the Census or on other reliable popula-
25 tion data. For purposes of (b) and (c) of this section, the average
26 per capita assessed full and true value of property in the state shall
27 be calculated without regard to the assessed value of taxable property
28 under AS 43.58.

29 Sec. 29.45.10C. NO LIMITATIONS ON TAXES TO PAY BONDS. The