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Alaska  
MUNICIPAL  
League

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TO: Representative Peter Goll, Chair  
Members of the House Community and Regional Affairs

FROM: Scott A. Burgess, Executive Director 

DATE: March 19, 1986

SUBJECT: HB 518 - Municipal Property Taxation

While the League is opposed to State mandated exemptions on local tax revenue sources, I do not see a problem with HB 518. The bill appears to be house-keeping but necessary legislation. The League has no specific policy language on this legislation, and therefore we have no position on the specifics of the bill; however, the Department of Community and Regional Affairs has requested comment from the League.

I contacted Gary Lewis, Matanuska-Susitna Borough Assessor and President of the Alaska Association of Assessors, on the legislation. Mr. Lewis indicated that the bill is necessary to clear up an ambiguity left in the rewrite of Title 29, legislation which passed last year. It is impractical for an assessor to assess furniture and "personal effects" of the head of a household or any occupant of a household. The language would clarify that such assessment is not required. The change from "exemption" to "deferment" more correctly describes the farm use program.

I hope this information is helpful.

Introduced: 1/27/86  
Referred: Community & Regional  
Affairs and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2

HOUSE BILL NO. 518

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to municipal property taxation; and  
7 providing for an effective date."

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

9 \* Section 1. AS 29.45.030(a) is amended to read:

10 (a) The following property is exempt from general taxation:

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

14 (2) household furniture and personal effects of members of  
15 a [OF THE HEAD OF A FAMILY OR] household;

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

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

22 (5) money on deposit;

23 (6) the real property of certain residents of the state to  
24 the extent and subject to the conditions provided in (e) of this sec-  
25 tion;

26 (7) real property or an interest in real property that is  
27 exempt from taxation under 43 U.S.C. 1620(d), as amended.

28 \* Sec. 2. AS 29.45.060(b) is amended to read:

29 (b) An owner of farm use land must, to secure the assessment

1 under this section, apply to the assessor before May 15 of each year  
2 in which the assessment is desired. The application must [SHALL] be  
3 made upon forms prescribed by the state assessor for the use of the  
4 local assessor, and must [SHALL] include information that may rea-  
5 sonably be required to determine the entitlement of the applicant. If  
6 the land is leased for farm use purposes, the applicant shall furnish  
7 to the assessor a copy of the lease bearing the signatures of both  
8 lessee and lessor along with the completed application. The applicant  
9 shall furnish the assessor a copy of the lease covering the period for  
10 which the deferment [EXEMPTION] is requested.

11 \* Sec. 3. AS 29.45.060(c) is amended to read:

12 (c) In this section "farm use" means the use of land for profit  
13 for raising and harvesting crops, for the feeding, breeding, and man-  
14 agement of livestock, for dairying, or another agricultural use, or  
15 any combination of these. To be farm use land, the owner or lessee  
16 must be actively engaged in farming the land, and derive at least 10  
17 percent of yearly gross income from the land. This section does not  
18 apply to land for which the owner has granted, and has outstanding, a  
19 lease or option to buy the surface rights. A property owner wishing  
20 to file for farm use classification having no history of farm-related  
21 income may submit a declaration of intent at the time of filing the  
22 application with the assessor setting out the intended use of the land  
23 and the anticipated percentage of income. An applicant using this  
24 procedure shall file with the assessor before February 1 of the fol-  
25 lowing year a notarized statement of the percentage of gross income  
26 attributable to the land. Failure to make the filing required in this  
27 subsection forfeits entitlement to the deferment [THE EXEMPTION].

28 \* Sec. 4. This Act takes effect July 1, 1986.



STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date : 3/12/86

**REQUEST \***

Bill/Resolution No. : HB 518  
Title : \_\_\_\_\_

Sponsor : Rules by request of Governor  
Requestor : \_\_\_\_\_  
Date of Request : \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: Community & Regional Affairs  
BRU: State Assessor

Components : \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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**FUNDING : (Thousands of Dollars)**

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

**POSITIONS :**

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

**ANALYSIS :** Attach a separate page if necessary

Prepared by: Michael W. Worley, State Assessor  
Division: Municipal & Regional Assistance

Phone: 465-4750  
Date: 3/12/86

Approved by Commissioner: [Signature]  
Agency: Community & Regional Affairs

Date: 3/13/86

Distribution (by Agency preparing fiscal note):

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

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

March 10, 1986

POUCH B  
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ANCHORAGE, ALASKA 99503  
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### POSITION PAPER

RE: HB 518

SPONSOR: Rules Committee by request of the Governor

#### Program Effects of Bill

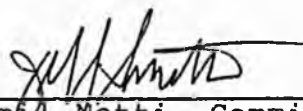
Section One corrects certain wording which was contained in the Title 29 rewrite. Prior to the adoption of the rewrite, household furniture and personal effects across the State were exempted through the operation of two statutes. The first [AS 29.53.020(a)(2)] was required by law, and exempted the first \$500 of household furniture. The second [AS 29.53.025(b)(2)(A)] was an optional exemption which allowed municipalities to exempt the remaining value of the furniture and all the personal effects (rings, clothing, etc.) of the householder. Every taxing municipality in Alaska had adopted that optional exemption.

At the request of assessors across the State, the technical and policy groups of the Title 29 rewrite agreed to combine the two exemptions and make all household furniture and personal effects mandatorily exempt under AS 29.45.030(a)(2). Apparently, the "personal effects" language was inadvertently left out of the rewrite. As a result of that oversight, the current language in law requires municipalities to levy property taxes against all personal effects of the members of a household.

Section Two of the bill corrects certain references to the agricultural land use program. Current law refers to the tax benefit as an "exemption". Section Two changes that reference to the term "deferment", which better describes the operation of the program.

#### Comments

The Alaska Association of Assessing Officers joins the Department in strongly supporting the passage of HB 518. If the language in Section One of the bill does not pass the Legislature this session, all municipalities which levy a property tax will be required to tax household personal effects beginning January 1, 1987.

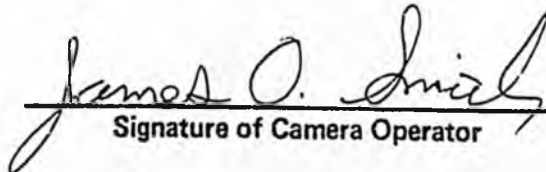
  
Emil Notti, Commissioner

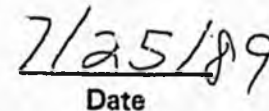


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Signature of Camera Operator

  
Date