

**HOUSE
COMMITTEE REPORT**

(11)

Date referred: 3/21/86

FURTHER REFERRALS:

DATE: 4-14-86

The FINANCE Committee has considered HB 518

"An Act relating to municipal property taxation; and providing for an effective date."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS HB 518 (C+RA) same title
- new title

and recommends Individual Recommendations

further referral to the _____ Committee

- and attaches:
- letter of intent
 - first fiscal note
 - new fiscal note
 - zero fiscal note 3-13-86 - New

SIGNING DO PASS:

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

SIGNING OTHER RECOMMENDATIONS:

[Signature]
[Signature]
[Signature] No Recommendation
[Signature] No Rec.
[Signature] No Rec.

[Signature]
Chairman

Offered: 3/21/86
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2

CS FOR HOUSE BILL NO. 518 (C&RA)

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 certain municipal property tax
7 exemptions or deferments; and providing for an effective
8 date."

9

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

10

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

11

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

12

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

15

(2) household furniture and personal effects of members of

16

a [OF THE HEAD OF A FAMILY OR] household;

17

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

19

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

23

(5) money on deposit;

24

(6) the real property of certain residents of the state to
25 the extent and subject to the conditions provided in (e) of this section;
26

27

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

29

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

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

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

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

29 * 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. CS HB 518 (C&RA)
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						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

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)

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 27, 1986

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

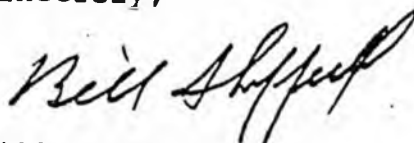
Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill amending provisions of the municipal code pertaining to property taxation, and providing for an effective date of July 1, 1986. The bill adds personal effects of members of a household to the list of property that is exempt from taxation under AS 29.45.030(a). The bill also clarifies AS 29.45.060 to reflect that farm and agricultural land is not exempt from taxation; taxation on the full and true value may only be deferred under that statute.

Until January 1, 1986, AS 29.53.020 provided a mandatory exemption from municipal property tax for "household furniture of the head of a family or a householder not exceeding \$500 in value." AS 29.53.020(a)(2). A municipality had the option of exempting by ordinance "the household furniture over \$500 in value and the effects of the head of a family or a householder." AS 29.53.025(b)(2)(A). It has been commonplace for municipalities to exempt personal effects and household furniture under AS 29.53.025(b)(2)(A). Effective January 1, 1986, the municipal code provides for a mandatory exemption for household furniture, regardless of value (AS 29.45.030(a)(2)), but omits any exemption for the personal effects of anyone in the household. This bill amends AS 29.45.030(a)(2) to add the personal effects of members of a household to the list of exempted property.

COMMITTEE COPY

Under AS 29.45.060, which took effect January 1, 1986 farm and agricultural land may be assessed based on its full and true value for farm use and not as if subdivided or used for some other nonfarm purpose. At any time that the land is used in a manner incompatible with farm use, the municipality can recoup the property taxes lost, plus interest, for the preceding seven years "as though the land had not been assessed for farm use purposes." AS 29.45.060(a). Consequently, the program in AS 29.45.060 is not an exemption program, but more accurately a deferment program. This bill amends a reference to "exemption" in AS 29.45.060 (b) and (c), to reflect the true nature of the program.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Sheffield".

Bill Sheffield
Governor

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

March 10, 1986

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508
PHONE: (907) 563-1073

POSITION PAPER

RE: HB 518

SPONSOR: Rules Committee by request of the Governor

Program Effects of Bill

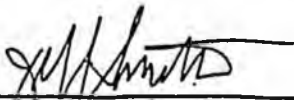
Section One corrects certain wording which was contained in the Title 29 rewrite. Prior to the adoption of the rewrite, household furniture and personal effects across the State were exempted through the operation of two statutes. The first [AS 29.53.020(a)(2)] was required by law, and exempted the first \$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.


Emilio Notti, Commissioner

Offered: 3/21/86
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

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8 date."

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

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

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

23 (5) money on deposit;

24 (6) the real property of certain residents of the state to
25 the extent and subject to the conditions provided in (e) of this section;
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27 (7) real property or an interest in real property that is
28 exempt from taxation under 43 U.S.C. 1620(d), as amended.

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

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2 under this section, apply to the assessor before May 15 of each year
3 in which the assessment is desired. The application must [SHALL] be
4 made upon forms prescribed by the state assessor for the use of the
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9 lessee and lessor along with the completed application. The applicant
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13 (c) In this section "farm use" means the use of land for profit
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15 agement of livestock, for dairying, or another agricultural use, or
16 any combination of these. To be farm use land, the owner or lessee
17 must be actively engaged in farming the land, and derive at least 10
18 percent of yearly gross income from the land. This section does not
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21 to file for farm use classification having no history of farm-related
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23 application with the assessor setting out the intended use of the land
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26 lowing year a notarized statement of the percentage of gross income
27 attributable to the land. Failure to make the filing required in this
28 subsection forfeits entitlement to the deferment [THE EXEMPTION].

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

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

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

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2 HOUSE BILL NO. 518

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