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SENATE FINANCE COMMITTEE REPORT

DATE: 3/5/90

FURTHER:

DATE TURNED INTO OFFICE: _____

The Finance Committee considered

SB 391

"An Act relating to a farm use exemption from municipal taxation for agricultural land and greenhouses; and providing for an effective date."

and recommended:

replace with _____ CS _____
 or adopt _____ CS _____

same title
 new title
 technical title change
(HB only)

attached amendment(s)

_____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

Bill died in committee.

ATTACHES NEW FISCAL NOTE(S):

Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____

appropriation-no fiscal note

APPROVES PREVIOUS:

Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

1. _____ 2. _____
Co-Chairs: Signatures and Recommendations

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

6-1604E

(1)

DATE: January 18, 1990

FURTHER: Finance

Date of 5-Day Notice: 2-15-90
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3-2-90

Resources Committee considered SENATE BILL NO. 391

"An Act relating to a farm use exemption from municipal taxation for agricultural land and greenhouses; and providing for an effective date."

and recommended:

replace with _____ CS SB 391 (Res) same title
 attached amendment(s) & reports it back a new title
 _____ letter of intent adopted follows:

do pass

do not pass

no recommendation

individual recommendations

FM

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

fiscal note(s) CRA

zero fiscal note(s) _____

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

2 [Signature]
2 [Signature]

OTHER RECOMMENDATIONS:

2 [Signature] No Rec -
2 [Signature] No Rec.

Chair: Signature and Recommendation

[Signature] Do Pass if amended

Offered: 3/5/90
Referred: Finance

6-1604E

Original sponsor(s): SEN. COGHILL, Halford

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 391 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to a farm use exemption from municipi-
7 pal taxation for agricultural land; and providing for
8 an effective date."

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

10 * Section 1. AS 29.45.060(c) is amended to read:

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

28 * Sec. 2. This Act takes effect January 1, 1991.

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Introduced: 1/18/90
Referred: Resources and Finance

6-1604A

BY SEN. COGHILL, Halford

1 IN THE SENATE

2 SENATE BILL NO. 391

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to a farm use exemption from municipi-
7 pal taxation for agricultural land and greenhouses;
8 and providing for an effective date."

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

10 * Section 1. AS 29.45.060(a) is amended to read:

11 (a) Farm use land included in a farm unit and not dedicated or
12 being used for nonfarm purposes shall be assessed on the basis of full
13 and true value for farm use and may not be assessed as if subdivided
14 or used for some other nonfarm purpose. A farm use greenhouse, wheth-
15 er classified as real or personal property for municipal tax purposes,
16 shall be assessed on the basis of full and true value for farm use.
17 The assessor shall maintain records valuing the land or greenhouse for
18 both full and true value and farm use value. If the land or green-
19 house is sold, leased, or otherwise disposed of for uses incompatible
20 with farm use or converted to a use incompatible with farm use by the
21 owner, the owner is liable to pay an amount equal to the additional
22 tax at the current mill levy together with eight percent interest for
23 the preceding seven years, as though the land or greenhouse had not
24 been assessed for farm use purposes. Payment by the owner shall be
25 made to the state to the extent of its reimbursement for revenue loss
26 under (e) of this section for the preceding seven years. The balance
27 of the payment shall be made to the municipality.

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

29 (b) An owner of farm use land or a farm use greenhouse must, to
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1 secure the assessment under this section, apply to the assessor before
2 May 15 of each year in which the assessment is desired. The applica-
3 tion shall be made upon forms prescribed by the state assessor for the
4 use of the local assessor, and shall include information that may
5 reasonably be required to determine the entitlement of the applicant.
6 If the land or greenhouse is leased for farm use purposes, the appli-
7 cant shall furnish to the assessor a copy of the lease bearing the
8 signatures of both lessee and lessor along with the completed applica-
9 tion. The applicant shall furnish the assessor a copy of the lease
10 covering the period for which the 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 or a green-
13 house for profit for raising [AND HARVESTING] crops or ornamental
14 plants, for the feeding, breeding, and management of livestock, for
15 dairying, or another agricultural use, or any combination of these.
16 The [TO BE FARM USE LAND, THE] owner or lessee must be actively
17 engaged in farming the land, and derive at least 10 percent of yearly
18 gross income from the land, or the owner or lessee must derive at
19 least 10 percent of yearly gross income from the greenhouse or from
20 the greenhouse together with other farm use greenhouses or land. This
21 section does not apply to land for which the owner has granted, and
22 has outstanding, a lease or option to buy the surface rights. A
23 property owner wishing to file for farm use classification having no
24 history of farm-related income may submit a declaration of intent at
25 the time of filing the application with the assessor setting out the
26 intended use of the land or greenhouse and the anticipated percentage
27 of income. An applicant using this procedure shall file with the
28 assessor before February 1 of the following year a notarized statement
29 of the percentage of gross income attributable to the land or

1 greenhouse. Failure to make the filing required in this subsection
2 forfeits the exemption.

3 * Sec. 4. This Act takes effect January 1, 1991.
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FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: "An Act..farm use exemption...
 agricultural land and greenhouses..."
 Sponsor: Senators Coghill & Halford
 Requestor: _____

Agency Affected: Community & Regional Affairs
 BRU: Community Assistance Grants

Components: Agricultural Land Exemption

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	-0-	100.	100.	100.	100.	100.
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	100.	100.	100.	100.	100.
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attachment.

Prepared by: Jim Plasman, Deputy Director
 Division: Municipal & Regional Assistance

Phone: 465-4750

Date: _____

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

Date: 20 Feb 90

Distribution (by preparer):

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

) Changes in CS SB 391 (Res)
 have no fiscal impact.
 This fiscal note is
 appropriate.

STATE OF ALASKA 1990 - 16TH LEGISLATURE
SECOND SESSION
FISCAL NOTE

Bill/Resolution No.: Senate Bill 391

Title: "An Act relating to a farm use exemption from municipal taxation for agricultural land and greenhouses; and providing for an effective date."

There is no fiscal effect for FY 90. The Agricultural Land Exemption Program, which is designed to reimburse municipalities for the loss of local taxes resulting from the mandatory exemption of a portion of agricultural land value, would be affected by this legislation. It is estimated that the full funding level would increase by \$100,000. Farm use assessments on greenhouse operations located in urban areas will cause the greatest impact because of the significant disparities between farm use value and the value of the "highest and best use" of the affected property. There is currently no funding in the budget for the agricultural land exemption program, the full funding level of which is \$245,000.