



LAWS OF ALASKA

2008

Source
CSHB 356(CRA)

Chapter No.

AN ACT

Relating to an exemption from municipal property taxes for certain real property that is exempt from levy and collection of real property taxes when conveyed by the federal government to implement the Alaska Native Claims Settlement Act or when conveyed under a land exchange authorized by that Act involving land or an interest in land that is made exempt from local property taxes by that Act; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

AN ACT

1 Relating to an exemption from municipal property taxes for certain real property that is
2 exempt from levy and collection of real property taxes when conveyed by the federal
3 government to implement the Alaska Native Claims Settlement Act or when conveyed under
4 a land exchange authorized by that Act involving land or an interest in land that is made
5 exempt from local property taxes by that Act; and providing for an effective date.

6

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

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

9 (1) municipal property, including property held by a public corporation
10 of a municipality, state property, property of the University of Alaska, or land that is
11 in the trust established by the Alaska Mental Health Enabling Act of 1956, P.L. 84-
12 830, 70 Stat. 709, except that

1 (A) a private leasehold, contract, or other interest in the
2 property is taxable to the extent of the interest;

3 (B) notwithstanding any other provision of law, property
4 acquired by an agency, corporation, or other entity of the state through
5 foreclosure or deed in lieu of foreclosure and retained as an investment of a
6 state entity is taxable; this subparagraph does not apply to federal land granted
7 to the University of Alaska under AS 14.40.380 or 14.40.390, or to other land
8 granted to the university by the state to replace land that had been granted
9 under AS 14.40.380 or 14.40.390, or to land conveyed by the state to the
10 university under AS 14.40.365;

11 (C) an ownership interest of a municipality in real property
12 located outside the municipality acquired after December 31, 1990, is taxable
13 by another municipality; however, a borough may not tax an interest in real
14 property located in the borough and owned by a city in that borough;

15 (2) household furniture and personal effects of members of a
16 household;

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

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

23 (5) money on deposit;

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

26 (7) real property or an interest in real property that is

27 (A) exempt from taxation under 43 U.S.C. 1620(d), as
28 amended **or under 43 U.S.C. 1636(d), as amended; or**

29 **(B) acquired from a municipality in exchange for land that**
30 **is exempt from taxation under (A) of this paragraph, and is not developed**
31 **or made subject to a lease;**

1 (8) property of a political subdivision, agency, corporation, or other
2 entity of the United States to the extent required by federal law; except that a private
3 leasehold, contract, or other interest in the property is taxable to the extent of that
4 interest unless the property is located on a military base or installation and the
5 property interest is created under 10 U.S.C. 2871 - 2885 (Military Housing
6 Privatization Initiative), provided that the leaseholder enters into an agreement to
7 make a payment in lieu of taxes to the political subdivision that has taxing authority;

8 (9) natural resources in place including coal, ore bodies, mineral
9 deposits, and other proven and unproven deposits of valuable materials laid down by
10 natural processes, unharvested aquatic plants and animals, and timber.

11 * **Sec. 2.** AS 29.45.030(m) is amended to read:

12 (m) For the purpose of determining property exempt under ~~(a)(7)(A)~~ [(a)(7)]
13 of this section, the following definitions apply to terms used in 43 U.S.C. 1620(d)
14 unless superseded by applicable federal law, **and for the purpose of determining**
15 **property exempt under (a)(7)(B) of this section, the following definitions apply:**

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

25 (2) "exploration" means the examination and investigation of
26 undeveloped land to determine the existence of subsurface nonrenewable resources;

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

1 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 **RETROACTIVITY.** The amendments in secs. 1 and 2 of this Act are retroactive to
4 January 1, 2008.

5 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).