



LAWS OF ALASKA

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Source

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Chapter No.

AN ACT

Relating to mandatory exemptions from municipal property taxes for certain assets of the Alaska Industrial Development and Export Authority and for property owned by certain private colleges or universities; relating to optional exemptions from municipal property taxes for certain residential property; 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 mandatory exemptions from municipal property taxes for certain assets of the
2 Alaska Industrial Development and Export Authority and for property owned by certain
3 private colleges or universities; relating to optional exemptions from municipal property taxes
4 for certain residential property; and providing for an effective date.

5

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

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

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

12 (A) a private leasehold, contract, or other interest in the
13 property is taxable to the extent of the interest; **however, an interest created**
14 **by a nonexclusive use agreement between the Alaska Industrial**

1 **Development and Export Authority and a user of an integrated**
2 **transportation and port facility owned by the authority and initially**
3 **placed in service before January 1, 1999, is taxable only to the extent of,**
4 **and for the value associated with, those specific improvements used for**
5 **lodging purposes;**

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

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

18 (2) household furniture and personal effects of members of a
19 household;

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

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

26 (5) money on deposit;

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

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

31 (8) property of a political subdivision, agency, corporation, or other

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

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

10 **(10) property not exempt under (3) of this subsection that**

11 **(A) is owned by a private, nonprofit college or university**
12 **that is accredited by a regional or national accrediting agency recognized**
13 **by the Council for Higher Education Accreditation or the United States**
14 **Department of Education, or both; and**

15 **(B) was subject to a private leasehold, contract, or other**
16 **private interest on January 1, 2010, except that a holder of a private**
17 **leasehold, contract, or other interest in the property shall be taxed to the**
18 **extent of that interest.**

19 * **Sec. 2.** AS 29.45.030(a), as amended by sec. 1 of this Act, is amended to read:

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

21 (1) municipal property, including property held by a public corporation
22 of a municipality, state property, property of the University of Alaska, or land that is
23 in the trust established by the Alaska Mental Health Enabling Act of 1956, P.L. 84-
24 830, 70 Stat. 709, except that

25 (A) a private leasehold, contract, or other interest in the
26 property is taxable to the extent of the interest; [HOWEVER, AN INTEREST
27 CREATED BY A NONEXCLUSIVE USE AGREEMENT BETWEEN THE
28 ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY
29 AND A USER OF AN INTEGRATED TRANSPORTATION AND PORT
30 FACILITY OWNED BY THE AUTHORITY AND INITIALLY PLACED IN
31 SERVICE BEFORE JANUARY 1, 1999, IS TAXABLE ONLY TO THE

1 EXTENT OF, AND FOR THE VALUE ASSOCIATED WITH, THOSE
2 SPECIFIC IMPROVEMENTS USED FOR LODGING PURPOSES;]

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 exempt from
27 taxation under 43 U.S.C. 1620(d), as amended;

28 (8) property of a political subdivision, agency, corporation, or other
29 entity of the United States to the extent required by federal law; except that a private
30 leasehold, contract, or other interest in the property is taxable to the extent of that
31 interest unless the property is located on a military base or installation and the

1 property interest is created under 10 U.S.C. 2871 - 2885 (Military Housing
2 Privatization Initiative), provided that the leaseholder enters into an agreement to
3 make a payment in lieu of taxes to the political subdivision that has taxing authority;

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

7 (10) property not exempt under (3) of this subsection that

8 (A) is owned by a private, nonprofit college or university that is
9 accredited by a regional or national accrediting agency recognized by the
10 Council for Higher Education Accreditation or the United States Department
11 of Education, or both; and

12 (B) was subject to a private leasehold, contract, or other private
13 interest on January 1, 2010, except that a holder of a private leasehold,
14 contract, or other interest in the property shall be taxed to the extent of that
15 interest.

16 * **Sec. 3.** AS 29.45.030(a), as amended by secs. 1 and 2 of this Act, is amended to read:

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

18 (1) municipal property, including property held by a public corporation
19 of a municipality, state property, property of the University of Alaska, or land that is
20 in the trust established by the Alaska Mental Health Enabling Act of 1956, P.L. 84-
21 830, 70 Stat. 709, except that

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

24 (B) notwithstanding any other provision of law, property
25 acquired by an agency, corporation, or other entity of the state through
26 foreclosure or deed in lieu of foreclosure and retained as an investment of a
27 state entity is taxable; this subparagraph does not apply to federal land granted
28 to the University of Alaska under AS 14.40.380 or 14.40.390, or to other land
29 granted to the university by the state to replace land that had been granted
30 under AS 14.40.380 or 14.40.390, or to land conveyed by the state to the
31 university under AS 14.40.365;

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

5 (2) household furniture and personal effects of members of a
6 household;

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

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

13 (5) money on deposit;

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

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

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

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

28 (10) property not exempt under (3) of this subsection that

29 [(A)] is owned by a private, nonprofit college or university that
30 is accredited by a regional or national accrediting agency recognized by the
31 Council for Higher Education Accreditation or the United States Department

1 of Education, or both, except that a private leasehold, contract, or other
2 interest in the property is taxable to the extent of the private interest [;

3 AND

4 (B) WAS SUBJECT TO A PRIVATE LEASEHOLD,
5 CONTRACT, OR OTHER PRIVATE INTEREST ON JANUARY 1, 2010,
6 EXCEPT THAT A HOLDER OF A PRIVATE LEASEHOLD, CONTRACT,
7 OR OTHER INTEREST IN THE PROPERTY SHALL BE TAXED TO THE
8 EXTENT OF THAT INTEREST].

9 * **Sec. 4.** AS 29.45.030(e) is amended to read:

10 (e) The real property owned and occupied as the primary residence and
11 permanent place of abode by a [(1)] resident who is (1) 65 years of age or older; (2) a
12 disabled veteran; or (3) [RESIDENT] at least 60 years of age and [OLD WHO IS] the
13 widow or widower of a person who qualified for an exemption under (1) or (2) of this
14 subsection [,] is exempt from taxation on the first \$150,000 of the assessed value of
15 the real property. A municipality may by ordinance approved by the voters grant
16 the exemption under this subsection to the widow or widower under 60 years of
17 age of a person who qualified for an exemption under (2) of this subsection. A
18 municipality may, in case of hardship, provide for exemption beyond the first
19 \$150,000 of assessed value in accordance with regulations of the department. Only
20 one exemption may be granted for the same property, and, if two or more persons are
21 eligible for an exemption for the same property, the parties shall decide between or
22 among themselves who is to receive the benefit of the exemption. Real property may
23 not be exempted under this subsection if the assessor determines, after notice and
24 hearing to the parties, that the property was conveyed to the applicant primarily for the
25 purpose of obtaining the exemption. The determination of the assessor may be
26 appealed under AS 44.62.560 - 44.62.570.

27 * **Sec. 5.** AS 29.45 is amended by adding a new section to read:

28 **Sec. 29.45.053. Exemption for certain residences of law enforcement**
29 **officers.** (a) A municipality may, by ordinance, provide for the designation of areas
30 within its boundaries that are eligible for tax exemptions on parcels of residential
31 property. The amount of the tax exemption provided in the ordinance may not exceed

1 \$150,000 of the assessed value of a parcel. The exemption may be granted for a parcel
2 only if it is

- 3 (1) entirely within an eligible area;
- 4 (2) primarily used for residential purposes; and
- 5 (3) owned and occupied as the primary place of abode by a law
6 enforcement officer.

7 (b) Only one exemption may be granted for the same parcel under an
8 ordinance adopted under (a) of this section, and, if two or more individuals are eligible
9 for an exemption for the same parcel, the individuals shall decide between or among
10 themselves who is to receive the benefit of the exemption.

11 (c) The municipality that adopts the ordinance under (a) of this section may
12 not request state funds to cover any loss of revenue to the municipality caused by the
13 ordinance.

14 (d) The ordinance adopted under (a) of this section must define "law
15 enforcement officer" to include only some or all positions listed in the definition of
16 "peace officer" in AS 01.10.060 or in the definition of "police officer" in
17 AS 18.65.290. The ordinance may include other eligibility requirements for an area;
18 however, an eligible area must

19 (1) meet the eligibility requirements under a federal program of special
20 assistance for urban development, neighborhood revitalization, or law enforcement,
21 without regard to whether an application for the federal assistance on behalf of the
22 area has been made or whether the area has received or is receiving the federal
23 assistance;

24 (2) have a statistically higher occurrence of crime than the
25 municipality as a whole; the crime rate for an eligible area must be established in the
26 ordinance; or

27 (3) meet the requirements of (1) and (2) of this subsection.

28 (e) The municipality may establish a specific area as an eligible area for
29 purposes of this section only in the ordinance adopted under (a) of this section or by
30 adopting a separate ordinance. The municipality is not required to establish as an
31 eligible area for purposes of this section every area that meets the requirements of the

1 ordinance that is adopted under (a) of this section.

2 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
3 read:

4 RETROACTIVITY. AS 29.45.030(a)(1)(A), as amended by sec. 1 of this Act, is
5 retroactive to November 30, 2009.

6 * **Sec. 7.** Sections 1 and 6 of this Act take effect immediately under AS 01.10.070(c).

7 * **Sec. 8.** Section 2 of this Act takes effect November 30, 2012.

8 * **Sec. 9.** Section 3 of this Act takes effect December 31, 2035.