

**CS FOR SENATE BILL NO. 161(CRA) am**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Amended: 3/18/24

Offered: 3/1/24

Sponsor(s): SENATORS BJORKMAN, Hughes

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to municipal taxation of farm land and farm structures; and providing**  
2 **for an effective date."**

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

4 \* **Section 1.** AS 29.45.050(t) is amended to read:

5 (t) A municipality may by ordinance [APPROVED BY THE VOTERS]  
6 partially or totally exempt from taxation **farm land and farm structures** [A FARM  
7 STRUCTURE] used [EXCLUSIVELY] for farming activity, or purposes directly  
8 related to farming activity, if the farm **land or farm** structure **meets the criteria set**  
9 **out in this subsection. The farm land or farm structure must be** [IS] owned or  
10 leased by a person that is actively engaged in farming, [AND] that **normally**  
11 **produces at least \$1,000 of agricultural products offered for sale, and that files an**  
12 **Internal Revenue Service Schedule F (Form 1040) with the United States Internal**  
13 **Revenue Service. The farm land or farm** [DERIVES AT LEAST 10 PERCENT OF  
14 THE PERSON'S YEARLY GROSS INCOME FROM FARMING ACTIVITY, AND

1 THE] structure **must be** [IS] used for

2 (1) the growing, storage, or processing of grains, fruits, vegetables,  
3 **aquatic farm products as defined in AS 16.40.199**, or other crops **specified by**  
4 **ordinance** [INTENDED FOR HUMAN CONSUMPTION] and produced by the  
5 owner's or lessee's farming activity;

6 (2) the storage or processing of

7 (A) feed for livestock;

8 **(B) livestock**, poultry, or other animals used in the owner's or  
9 lessee's farming activity;

10 **(C) [(B)]** milk or milk products produced by the owner's or  
11 lessee's farming activity; or

12 (3) **sheltering**, stabling, or milking the owner's or lessee's dairy  
13 animals, **poultry, or livestock**.

14 \* **Sec. 2.** AS 29.45.050(y) is amended to read:

15 (y) In this section, "farming activity" means raising and harvesting crops;  
16 feeding, breeding, and managing livestock; dairying; **propagating, farming, or**  
17 **cultivating an aquatic farm product as defined in AS 16.40.199**; or any  
18 combination of those activities."

19 \* **Sec. 3.** AS 29.45.060(a) is amended to read:

20 (a) Farm use land, **and structures on farm use land that are used for farm**  
21 **operations**, included in a farm unit and not dedicated or being used for nonfarm  
22 purposes shall be assessed on the basis of full and true value for farm use and may not  
23 be assessed as if subdivided or used for some other nonfarm purpose. The assessor  
24 shall maintain records valuing the land for both full and true value and farm use value.  
25 If the land is sold, leased, or otherwise disposed of for uses incompatible with farm  
26 use or converted to a use incompatible with farm use by the owner, the owner is liable  
27 to pay an amount equal to the additional tax at the current mill levy together with eight  
28 percent interest for the preceding seven years, as though the land had not been  
29 assessed for farm use purposes. Payment by the owner shall be made to the state to the  
30 extent of its reimbursement for revenue loss under (d) of this section for the preceding  
31 seven years. The balance of the payment shall be made to the municipality.

1 \* **Sec. 4.** AS 29.45.060(f) is amended to read:

2 (f) This section does not apply to land for which the owner has granted, and  
 3 has outstanding, a lease or option to buy the surface rights. A property owner wishing  
 4 to file for farm use classification having no history of farm-related income may submit  
 5 a declaration of intent at the time of filing the application with the assessor setting out  
 6 the intended use of the land and **certifying that the property owner intends to file**  
 7 **an Internal Revenue Service Schedule F (Form 1040) with the United States**  
 8 **Internal Revenue Service for the current tax year** [THE ANTICIPATED  
 9 PERCENTAGE OF INCOME]. An applicant using this procedure shall file with the  
 10 assessor **on or** before **April 15** [FEBRUARY 1] of the following year a **copy of the**  
 11 **Schedule F (Form 1040) the applicant files with the Internal Revenue Service**  
 12 [NOTARIZED STATEMENT OF THE PERCENTAGE OF GROSS INCOME  
 13 ATTRIBUTABLE TO THE LAND]. Failure to make **a** [THE] filing required in this  
 14 subsection forfeits the exemption.

15 \* **Sec. 5.** AS 29.45.060(g) is amended to read:

16 (g) In this section,

17 **(1) "farm use" means the use of land for the production of crops,**  
 18 **fruits, or other agricultural products for human consumption or for the**  
 19 **sustenance or grazing of livestock if the land produces at least \$1,000 of**  
 20 **agricultural products during the tax year and those products are offered for sale,**  
 21 **or the land would normally produce at least \$1,000 of agricultural products**  
 22 **offered for sale during the tax year, and the owner or lessee of the land has filed**  
 23 **an Internal Revenue Service Schedule F (Form 1040) with the United States**  
 24 **Internal Revenue Service;**

25 **(2) "livestock" includes cattle, hogs, sheep, goats, chickens,**  
 26 **turkeys, pigeons, and other poultry raised to provide meat or other products for**  
 27 **human consumption** [PROFIT FOR RAISING AND HARVESTING CROPS, FOR  
 28 THE FEEDING, BREEDING, AND MANAGEMENT OF LIVESTOCK, FOR  
 29 DAIRYING, OR ANOTHER AGRICULTURAL USE, OR ANY COMBINATION  
 30 OF THESE. TO BE FARM USE LAND, THE OWNER OR LESSEE MUST BE  
 31 ACTIVELY ENGAGED IN FARMING THE LAND, AND DERIVE AT LEAST 10

- 1           PERCENT OF YEARLY GROSS INCOME FROM THE LAND].
- 2       \* **Sec. 6.** AS 29.45.060(c) is repealed.
- 3       \* **Sec. 7.** This Act takes effect immediately under AS 01.10.070(c).