

## Chapter 45. Municipal Taxation.

1. Municipal Property Tax (§§ 29.45.010 – 29.45.250)
2. Enforcement of Tax Liens (§§ 29.45.290 – 29.45.500)
3. City Property Tax (§§ 29.45.550 – 29.45.600)
4. Borough Sales and Use Tax (§§ 29.45.650 – 29.45.680)
5. City Sales and Use Taxes (§§ 29.45.700 – 29.45.710)
6. Mobile Telecommunications Sourcing Act (§ 29.45.750)
7. General Provisions (§ 29.45.800 – 29.45.810)

### Article 1. Municipal Property Tax.

#### Section

- |  |  |
|--|--|
| 010. Property tax  | 105. Errors in taxation procedures                                 |
| 020. Taxpayer notice                                     | 110. Full and true value   |
| 030. Required exemptions                                 | 120. Returns   |
| 040. Property tax equivalency payments                   | 130. Independent investigation                                     |
| 046. River habitat protection tax credit                 | 140. Violations; authorization to prescribe penalties by ordinance |
| 048. Air quality improvement tax credit                  | 150. Reevaluation  |
| 050. Optional exemptions and exclusions                  | 160. Assessment roll   |
| 052. Tax deferral for primary residences                 | 170. Assessment notice   |
| 055. Levy of flat tax on personal property               | 180. Corrections   |
| 060. Farm or agricultural land                           | 190. Appeal  |
| 062. Land subject to a conservation easement             | 200. Board of equalization   |
| 065. Assessment of private airports open for public use  | 210. Hearing   |
| 070. Mobile homes  | 220. Supplementary assessment rolls                                |
| 080. Tax on oil and gas production and pipeline property | 230. Tax adjustments on property affected by a natural disaster    |
| 090. Tax limitation                                      | 240. Establishment of levy and determination of rate               |
| 100. No limitations on taxes to pay bonds                | 250. Rates of penalty and interest                                 |
| 101. Limitation on taxation of fuel                      |  |
| 103. Taxation records                                    |  |

#### **Sec. 29.45.010. Property tax.**

- (a) A unified municipality may levy a property tax. A borough may levy
- (1) an areawide property tax for areawide functions;
  - (2) a nonareawide property tax for functions limited to the area outside cities;
  - (3) a property tax in a service area for functions limited to the service area.
- (b) A home rule or first class city may levy a property tax subject to AS 29.45.550 - 29.45.560. A second class city may levy a property tax subject to AS 29.45.590.
- (c) If a tax is levied on real property or on personal property, the tax must be assessed, levied, and collected as provided in this chapter. (§ 12 ch 74 SLA 1985)

**Sec. 29.45.020. Taxpayer notice.**

(a) If a municipality levies and collects property taxes, the governing body shall provide the following notice:

"NOTICE TO TAXPAYER

For the current fiscal year the (city)(borough) has been allocated the following amount of state aid for school and municipal purposes under the applicable financial assistance Acts:

PUBLIC SCHOOL FUNDING PROGRAM (AS 14.17)	\$
STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT (AS 14.11.100)	\$
COMMUNITY REVENUE SHARING PROGRAM (AS 29.60.850 - 29.60.879)	\$
TOTAL AID	\$

The millage equivalent of this state aid, based on the dollar value of a mill in the municipality during the current assessment year and for the preceding assessment year, is:

	MILLAGE EQUIVALENT	
	PREVIOUS YEAR	THIS YEAR
PUBLIC SCHOOL FUNDING PROGRAM ASSISTANCE	. . . MILLS	. . . MILLS
STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT	. . . MILLS	. . . MILLS
COMMUNITY REVENUE SHARING PROGRAM	. . . MILLS	. . . MILLS
TOTAL MILLAGE EQUIVALENT	. . . MILLS	. . . MILLS"

Notice shall be provided

(1) by furnishing a copy of the notice with tax statements mailed for the fiscal year for which aid is received; or

(2) by publishing in a newspaper of general circulation in the municipality a copy of the notice once each week for a period of three successive weeks, with publication to occur not later than 45 days after the final adoption of the municipality's budget.

(b) Compliance with the provisions of this section is a prerequisite to receipt of community revenue sharing under AS 29.60.850 - 29.60.879. The department shall withhold annual allocations under those sections until municipal officials demonstrate that the requirements of this section have been met. (§ 12 ch 74 SLA 1985; am § 3 ch 75 SLA 1997; am § 33 ch 83 SLA 1998; am § 3 ch 12 SLA 2008)

**Effect of amendments.** The 2008 amendment updates language and statute citation, replacing "municipal tax resource equalization" with "community revenue sharing." The 1998 amendment, effective July 1, 1998, in subsection (a) substituted "funding" for "foundation" in two places and made minor stylistic changes. The 1997 amendment, effective July 1, 1997, rewrote this section.

**Sec. 29.45.030. Required exemptions.**

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

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

(A) a private leasehold, contract, or other interest in the property is taxable to the extent of the interest; however, an interest created by a nonexclusive use agreement between the Alaska Industrial Development and Export Authority and a user of an integrated transportation and port facility owned by the authority and initially placed in service before January 1, 1999, is taxable only to the extent of, and for the value associated with, those specific improvements used for lodging purposes;

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

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

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

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

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

(5) money on deposit;

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

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

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

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

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

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

(b) In (a) of this section, "property used exclusively for religious purposes" includes the following property owned by a religious organization:

(1) the residence of an educator in a private religious or parochial school or a bishop, pastor, priest, rabbi, minister, or religious order of a recognized religious organization; for purposes of this paragraph, "minister" means an individual who is

(A) ordained, commissioned, or licensed as a minister according to standards of the religious organization for its ministers; and

(B) employed by the religious organization to carry out a ministry of that religious organization;

(2) a structure, its furniture, and its fixtures used solely for public worship, charitable purposes, religious administrative offices, religious education, or a nonprofit hospital;

(3) lots required by local ordinance for parking near a structure defined in (2) of this subsection.

(c) Property described in (a)(3) or (4) of this section from which income is derived is exempt only if that income is solely from use of the property by nonprofit religious, charitable, hospital, or educational groups. If used by nonprofit educational groups, the property is exempt only if used exclusively for classroom space.

(d) Laws exempting certain property from execution under the AS 09 (Code of Civil Procedure) do not exempt the property from taxes levied and collected by municipalities.

(e) The real property owned and occupied as the primary residence and permanent place of abode by a (1) resident 65 years of age or older; (2) disabled veteran; or (3) resident at least 60 years old who is the widow or widower of a person who qualified for an exemption under (1) or (2) of this subsection, is exempt from taxation on the first \$150,000 of the assessed value of the real property. A municipality may, in case of hardship, provide for exemption beyond the first \$150,000 of assessed value in accordance with regulations of the department. Only one exemption may be granted for the same property and, if two or more persons are eligible for an exemption for the same property, the parties shall decide between or among themselves who is to receive the benefit of the exemption. Real property may not be exempted under this subsection if the assessor determines, after notice and hearing to the parties, that the property was conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the assessor may be appealed under AS 44.62.560 – 44.62.570.

(f) To be eligible for an exemption under (e) of this section for a year, a municipality may by ordinance require that an individual also be eligible for a permanent fund dividend under AS 43.23.005 for that same year or, if the individual does not apply for the permanent fund dividend, that the individual would have been eligible for the permanent fund dividend had the individual applied. An exemption may not be granted under (e) of this section except upon written application for the exemption. Each municipality shall, by ordinance, establish procedures and deadlines for filing the application. The governing body of the municipality for good cause shown may waive the claimant's failure to make timely application for exemption and authorize the assessor to

accept the application as if timely filed. If an application is filed within the required time and is approved by the assessor, the assessor shall allow an exemption in accordance with the provisions of (e) of this section. If the application for exemption is approved after taxes have been paid, the amount of tax that the claimant has already paid for the property exempted shall be refunded to the claimant. The assessor shall require proof in the form the assessor considers necessary of the right to and amount of an exemption claimed under (e) of this section, and shall require a disabled veteran claiming an exemption under (e) of this section to provide evidence of the disability rating. The assessor may require proof under this subsection at any time.

(g) The state shall reimburse a borough or city, as appropriate, for the real property tax revenues lost to it by the operation of (e) of this section. However, reimbursement may be made to a municipality for revenue lost to it only to the extent that the loss exceeds an exemption that was granted by the municipality, or that on proper application by an individual would have been granted under AS 29.45.050(a). If appropriations are not sufficient to fully fund reimbursements under this subsection, the amount available shall be distributed pro rata among eligible municipalities.

(h) Except as provided in (g) of this section, nothing in (e) – (j) of this section affects similar exemptions from property taxes granted by a municipality on September 10, 1972, or prevents a municipality from granting similar exemptions by ordinance as provided in AS 29.45.050.

(i) In (e) – (i) of this section,

(1) "disabled veteran" means a disabled person

(A) separated from the military service of the United States under a condition that is not dishonorable who is a resident of the state, whose disability was incurred or aggravated in the line of duty in the military service of the United States, and whose disability has been rated as 50 percent or more by the branch of service in which that person served or by the United States Department of Veterans Affairs; or

(B) who served in the Alaska Territorial Guard, who is a resident of the state, whose disability was incurred or aggravated in the line of duty while serving in the Alaska Territorial Guard, and whose disability has been rated as 50 percent or more;

(2) "real property" includes but is not limited to mobile homes, whether classified as real or personal property for municipal tax purposes.

(j) One motor vehicle per household owned by a resident 65 years of age or older on January 1 of the assessment year is exempt either from taxation on its assessed value or from the registration tax under AS 28.10.431. An exemption may be granted under this subsection only upon written application on a form prescribed by the Department of Administration.

(k) The department shall adopt regulations to implement the provisions of (g) and (j) of this section.

(l) Two percent of the assessed value of a structure is exempt from taxation if the structure contains a fire protection system approved under AS 18.70.081, in operating condition, and incorporated as a fixture or part of the structure. The exemption granted by this subsection is limited to

(1) an amount equal to two percent of the value of the structure based on the assessment for 1981, if the fire protection system is a fixture of the structure on January 1, 1981; or

(2) an amount equal to two percent of the value of the structure based on the assessment as of January 1 of the year immediately following the installation of the fire protection system if the fire protection system becomes a fixture of the structure after January 1, 1981.

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

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

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

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

(n) If property or an interest in property that is determined not to be exempt under (a)(7) of this section reverts to an undeveloped state, or if the lease is terminated, the exemption shall be granted, subject to the provisions of (a)(7) and (m) of this section. (§ 12 ch 74 SLA 1985; am §§ 1, 2 ch 91 SLA 1985; am § 44 ch 37 SLA 1986; am §§ 2 — 4 ch 70 SLA 1986; am § 3 ch 66 SLA 1991; am § 1 ch 85 SLA 1991; am § 14 ch 93 SLA 1991; am § 1 ch 54 SLA 1992; am § 4 ch 97 SLA 1992; am E.O. 99 § 71 (1997); am § 81 ch 21 SLA 2000; am § 2 ch 117 SLA 2000; am § 8 ch 136 SLA 2000; am § 1 ch 23 SLA 2001; am § 1 ch 42 SLA 2002; am §§ 1, 5 ch 140 SLA 2004; am § 1 ch 44 SLA 2006; am §§ 1, 2 ch 101 SLA 2008)

**Effect of amendments.** The 2008 amendments (section (a)(7) and section (m) add new language, are retroactive to January 1, 2008, and take effect immediately. The 2006 amendment to subsection (b)(1) added educator's residence and defined minister, effective August 23, 2006. The 2004 amendments rewrote subsection (a)(8) to address property on military installations and payment in lieu of taxes and provided for an immediate effective date. The 2002 amendment, effective September 5, 2002, added the first sentence in subsection (f); in the third sentence from the end of the subsection removed "a failure to timely file has been waived as provided in this subsection and" and, added "after taxes have been paid" to the sixth sentence. The 2001 amendment, effective January 1, 2002, rewrote subsection (f). The first 2000 amendment, effective April 28, 2000, in (i)(1)(A) substituted "United States Department of Veterans Affairs" for "Veterans' Administration." The second 2000 amendment, retroactivity effective to January 1, 1999, added the last part of the last

sentence of (a)(1)(A). Note: This change will be in effect until July 1, 2004, when it will be repealed. The third 2000 amendment, effective July 20, 2000, in paragraph (a)(1) added "property of the University of Alaska," and in paragraph (a)(1)(B) added "or to land conveyed by the state to the university under AS 14.40.365" to the text. The 1997 amendment, effective March 16, 1997, substituted "Department of Administration" for "Department of Public Safety" in the second sentence in subsection (j). The first 1992 amendment, effective January 1, 1993, added paragraph (a)(9) and made a related stylistic change. The second 1992 amendment, effective June 20, 1992, inserted "property, including property held by a public corporation of a municipality," in paragraph (a)(1). The first 1991 amendment, effective January 1, 1992, in paragraph (a)(1), deleted "or federally owned" following "state" in the introductory language, added the subparagraph designations, and the language in subparagraphs (B) and (C); and added paragraph (a)(8). The second 1991 amendment, effective September 30, 1991, in paragraph (i)(1), added the subparagraph designations, added subparagraph (B), and made a related stylistic change.

**Editor's notes.** The Superior Court has held that HCS CSSB 7(FIN), which has been designated as ch 136, SLA 2000, and which amended (a) of this section, was not validly enacted. *Alaska Legislative Council v. Knowles*, 1-JU-00-1237 CI (First Jud. Dist. At Juneau; August 17, 2001). However, it is possible that the decision will be appealed to the Alaska Supreme Court.

#### **Sec. 29.45.040. Property tax equivalency payments.**

(a) A resident of the state who rents a permanent place of abode is eligible for a tax equivalency payment from the state through the department if the resident is:

- (1) at least 65 years old;
- (2) a disabled veteran; or
- (3) at least 60 years old and the widow or widower of a person who was

eligible for payment under (1) or (2) of this subsection.

(b) For purposes of determining the amount of a payment to an eligible person, the department shall calculate at the rate of one percent per mill a property tax equivalent percentage for each municipality that levies a property tax. The property tax equivalent percentage applied to the annual rent charged to the applicant equals the property tax equivalency payment payable under this section.

(c) To obtain a tax equivalency payment the eligible resident must apply to the department for payment for the preceding year by January 15 of each year on forms and in the manner prescribed by the department. The department for good cause shown may waive an applicant's failure to make timely application for a tax equivalency payment and accept the application as if timely filed. Each applicant shall submit with the application rental receipts or, if rental receipts are not available, other evidence satisfactory to the department for determination of the fact of payment of rent and the amount paid. A disabled veteran shall submit with the application evidence of the disability rating.

(d) If two or more persons occupy a residence as tenants, not all of whom are eligible for a tax equivalency payment under this section, the assessor shall determine equitable partial payments to be made to the eligible tenants. However, a tax equivalency payment to an eligible applicant may not be reduced because the spouse is less than 65 years of age or is not a disabled veteran. If all occupants in a residence are eligible for a tax equivalency payment under this section, the occupants shall decide between and among themselves which shall receive payment.

(e) If appropriations are not sufficient to fully fund tax equivalency payments under this section, the amount available shall be distributed pro rata among eligible residents.

(f) In this section "disabled veteran" has the meaning given in AS 29.45.030(i). (§ 12 ch 74 SLA 1985; am §§ 3, 4 ch 91 SLA 1985)

**Sec. 29.45.046. River habitat protection tax credit.**

(a) Unless prohibited by municipal charter, a municipality may by ordinance provide for a river habitat protection credit to be applied to offset a portion of the property taxes due on land, or an interest in land taxable under this chapter, upon which an improvement has been constructed that aids in

(1) protecting a river from degradation of fish habitat due to public or private use; or

(2) restoring riparian fish habitat along or in a river that has been damaged by land use practices.

(b) The amount of a river habitat protection credit shall be based upon a percentage of the verifiable costs of the improvement and may not exceed 50 percent of the total amount of taxes levied upon the land or upon the taxable interest in the land during a single tax year, but the credit may be granted for more than one year. If the credit is granted for more than one year and the land or taxable interest in the land is conveyed, the portion of the credit remaining is extinguished. The ordinance may limit the availability of a credit to some, but not all types of improvements for which a credit may be granted under this section and to some, but not all areas of the municipality. A credit may only be granted for an improvement that has been constructed in compliance with state and federal laws. A credit may not be granted for an improvement

(1) required under state or federal law; or

(2) located more than 150 feet from the mean high tide line or ordinary high water line; in this paragraph, "ordinary high water line" means that line on the shore of the nontidal portion of a river or stream that reflects the highest level of water during an ordinary year and is established by fluctuations of water and indicated by physical characteristics such as a clear, natural line impressed on the bank, shelving, changes in the character of soil, destruction of terrestrial vegetation, the presence of litter and debris, or other appropriate means that consider the characteristics of the surrounding area.

(c) *[Repealed, § 3 ch 41 SLA 1995]*

(d) Before an ordinance is adopted under (a) of this section, it must be approved by the commissioner of fish and game. The commissioner of fish and game shall approve a proposed ordinance if the improvements for which a credit is authorized aid in protecting or restoring habitat as required under this section without regard to the percentage of the total protection or restoration that could be achieved by ideal improvement measures. Within 60 days after receipt of a proposed ordinance, the commissioner of fish and game shall notify the municipality in writing as to whether the proposed ordinance is approved or disapproved and, if the proposed ordinance is disapproved, shall state the basis for that determination. (§ 1 ch 40 SLA 1994; am §§ 1-3 ch 41 SLA 1995; am § 1 ch 34 SLA 2000)



**Effect of amendments.** The 2000 amendment, effective August 9, 2000, substituted “a river” for “the Kenai River or a tributary of the Kenai River” in (a)(1) and (a)(2). The 1995 amendment, effective August 23, 1995, deleted “and certified by the Department of Fish and Game under (c) of this section” from the end of the next-to-last sentence in subsection (b); repealed former subsection (c), relating to criteria by the department in determining whether an improvement is effective in accomplishing the purposes listed in (a)(1) or (a)(2); and added subsection (d).

**Sec. 29.45.048. Air quality improvement tax credit.**

A municipality that includes within its boundaries an area that fails to meet federal or state air quality standards for fine particles that are less than or equal to 2.5 micrometers in diameter may, by ordinance, provide for an air quality improvement tax credit to offset a portion of the property taxes due on property that, during the immediately preceding tax year, has been improved in a way that aids in improving the air quality in the municipality. The municipality shall establish eligibility, conditions, and other criteria for the credit in the ordinance adopted under this section. AS 29.45.048 is repealed January 1, 2016. (am §§ 1 and 2 ch 26 SLA 2009)

**Effect of amendments.** The 2009 amendment added this new section to AS 29.45.

**Sec. 29.45.050. Optional exemptions and exclusions.**

(a) A municipality may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at an election. An exclusion or exemption authorized by this subsection may be applied with respect to taxes levied in a service area to fund the special services. An exclusion or exemption authorized by this subsection may not exceed the assessed value of \$20,000 for any one residence.

(b) A municipality may by ordinance

(1) classify and exempt from taxation

(A) the property of an organization not organized for business or profit-making purposes and used exclusively for community purposes if the income derived from rental of that property does not exceed the actual cost to the owner of the use by the renter;

(B) historic sites, buildings, and monuments;

(C) land of a nonprofit organization used for agricultural purposes if rights to subdivide the land are conveyed to the state and the conveyance includes a covenant restricting use of the land to agricultural purposes only; rights conveyed to the state under this subparagraph may be conveyed by the state only in accordance with AS 38.05.069(c);

(D) all or any portion of private ownership interests in property that, based upon a written agreement with the University of Alaska, is used exclusively for student housing for the University of Alaska; property may be exempted from taxation under this subparagraph for no longer than 30 years unless the exemption is specifically extended by ordinance adopted within the six months before the expiration of that period;

(E) a residential renewable energy system that is used to develop means of energy production using energy sources other than fossil or nuclear fuel, including windmills and water and solar energy devices located in the municipality;

(2) classify as to type and exempt or partially exempt some or all types of personal property from ad valorem taxes.

(c) The provisions of (a) of this section notwithstanding,

(1) a borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of a city in the borough, including but not limited to, excluding personal property from taxation, establishing exemptions, and extending the redemption period;

(2) a home rule or first class city has the same power to grant exemptions or exclude property from borough taxes that it has as to city taxes if

(A) the exemptions or exclusions have been adopted as to city taxes; and

(B) the city appropriates to the borough sufficient money to equal revenues lost by the borough because of the exemptions or exclusions, the amount to be determined annually by the assembly;

(3) a city in a borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of the borough, including but not limited to exempting or partially exempting property from taxation.

(d) Exemptions or exclusions from property tax that have been granted by a home rule municipality in addition to exemptions authorized or required by law, and that are in effect on September 10, 1972, and not later withdrawn, are not affected by this chapter.

(e) A municipality may by ordinance classify and exempt or partially exempt from taxation privately owned land, wet land and water areas for which a scenic, conservation, or public recreation use easement is granted to a governmental body. To be eligible for a tax exemption, or partial exemption, the easement must be in perpetuity. The easement is automatically terminated before an eminent domain taking of fee simple title or less than fee simple title to the property, so that the property owner is compensated at a rate that does not reflect the easement grant. The municipality may provide by ordinance that, if the area subject to the easement is sold, leased, or otherwise disposed of for uses incompatible with the easement or if the easement is conveyed to the owner of the property, the owner must pay to the municipality all or a portion of the amount of the tax exempted, with interest.

(f) A municipality may by ordinance exempt from taxation all or part of the increase in assessed value of improvements to real property if an increase in assessed value is directly attributable to alteration of the natural features of the land, or new maintenance, repair, or renovation of an existing structure, and if the alteration, maintenance, repair, or renovation, when completed, enhances the exterior appearance or aesthetic quality of the land or structure. An exemption may not be allowed under this subsection for the construction of an improvement to a structure if the principal purpose of the improvement is to increase the amount of space for occupancy or nonresidential use in the structure or for the alteration of land as a consequence of construction activity. An exemption provided in this subsection may continue for up to four years from the date the improvement is completed, or from the date of approval for the exemption by the local assessor, whichever is later.

(g) A municipality may by ordinance exempt from taxation all or part of the increase in assessed value of improvements to a single-family dwelling if the principal purpose of the improvement is to increase the amount of space for occupancy. An

exemption provided in this subsection may continue for up to two years from the date the improvement is completed, or from the date of approval of an application for the exemption by the local assessor, whichever is later.

(h) A municipality may by ordinance partially or wholly exempt land from a tax for fire protection service and fire protection facilities and may levy the tax only on improvements, including personal property affixed to the improvements.

(i) A municipality may by ordinance approved by the voters exempt from taxation the assessed value that exceeds \$150,000 of real property owned and occupied as a permanent place of abode by a resident who is

(1) 65 years of age or older;

(2) a disabled veteran, including a person who was disabled in the line of duty while serving in the Alaska Territorial Guard; or

(3) at least 60 years old and a widow or widower of a person who qualified for an exemption under (1) or (2) of this subsection.

(j) A municipality may by ordinance approved by the voters exempt real or personal property in a taxing unit used in processing timber after it has been delivered to the processing site from up to 75 percent of the rate of taxes levied on other property in that taxing unit. An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration. In this subsection "taxing unit" means a municipality and includes

(1) a service area in a unified municipality or borough;

(2) the entire area outside cities in a borough; and

(3) a differential tax zone in a city.

(k) A municipality may by ordinance approved by the voters exempt from taxation pollution control facilities that meet requirements of the United States Environmental Protection Agency or the Department of Environmental Conservation. An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration.

(l) A municipality may by ordinance exempt from taxation an interest, other than record ownership, in real property of an individual residing in the property if the property has been developed, improved, or acquired with federal funds for low-income housing and is owned or managed as low-income housing by the Alaska Housing Finance Corporation under AS 18.55.100 – 18.55.960 or by a regional housing authority formed under AS 18.55.996. However, the corporation may make payments to the municipality or political subdivision for improvements, services, and facilities furnished by it for the benefit of a housing project, and this subsection does not prohibit a municipality from receiving those payments or any payments in lieu of taxes authorized under federal law.

(m) A municipality may by ordinance partially or totally exempt all or some types of economic development property from taxation for up to five years. The municipality may provide for renewal of the exemption under conditions established in the ordinance. However, under a renewal, a municipality that is a school district may only exempt all or a portion of the amount of taxes that exceeds the amount levied on other property for the school district. A municipality may by ordinance permit deferral of payment of taxes on all or some types of economic development property for up to five years. The municipality may provide for renewal of the deferral under conditions established in the ordinance. A municipality may adopt an ordinance under this subsection only if, before it

is adopted, copies of the proposed ordinance made available at a public hearing on it contain written notice that the ordinance, if adopted, may be repealed by the voters through referendum. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application for each exemption or deferral. In this subsection "economic development property" means real or personal property, including developed property conveyed under 43 U.S.C. 1601 et seq. (Alaska Native Claims Settlement Act), that

- (1) has not previously been taxed as real or personal property by the municipality;
- (2) is used in a trade or business in a way that
  - (A) creates employment in the municipality;
  - (B) generates sales outside of the municipality of goods or services produced in the municipality; or
  - (C) materially reduces the importation of goods or services from outside the municipality; and
- (3) has not been used in the same trade or business in another municipality for at least six months before the application for deferral or exemption is filed; this paragraph does not apply if the property was used in the same trade or business in an area that has been annexed to the municipality within six months before the application for deferral or exemption is filed; this paragraph does not apply to inventories.

(n) A municipality may by ordinance classify as to type inventories intended for export outside the state and partially or totally exempt all or some types of those inventories from taxation. The ordinance may provide for different levels of exemption for different classifications of inventories. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application, which shall be a public document, for each exemption.

(o) A municipality may by ordinance partially or totally exempt all or some types of deteriorated property from taxation for up to 10 years beginning on or any time after the day substantial rehabilitation, renovation, demolition, removal, or replacement of any structure on the property begins. A municipality may by ordinance permit deferral of payment of taxes on all or some types of deteriorated property for up to five years beginning on or any time after the day substantial rehabilitation, renovation, demolition, removal or replacement of any structure on the property begins. However, if the entire ownership of property for which a deferral has been granted is transferred, all tax payments deferred under this subsection are immediately due and the deferral ends. Otherwise, deferred tax payments become due as specified by the municipality at the time the deferral is granted. The amount deferred each year is a lien on that property for that year. Only one exemption and only one deferral may be granted to the same property under this subsection, and, if an exemption and a deferral are granted to the same property, both may not be in effect on the same portion of the property during the same time. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application for each exemption or deferral. An application for a deferral must specify when payment of taxes for each year of deferral will become due, together with an explanation of the reasons for each proposed date for consideration by the municipality. In this subsection, "deteriorated property" means real property that is commercial property not used for residential purposes or that is multi-unit

residential property with at least eight residential units, and that meets one of the following requirements:

(1) within the last five years, has been the subject of an order by a government agency requiring environmental remediation of the property or requiring the property to be vacated, condemned, or demolished by reason of noncompliance with laws, ordinances, or regulations;

(2) has a structure on it not less than 15 years of age that has undergone substantial rehabilitation, renovation, demolition, removal, or replacement, subject to any conditions prescribed in the ordinance; or

(3) is located in a deteriorating or deteriorated area with boundaries that have been determined by the municipality.

(p) A municipality may by ordinance partially or totally exempt from taxation a private leasehold, contract, or other interest held by or through an applicant or proposed applicant in any property, assets, project, or development project owned by the Alaska Industrial Development and Export Authority under AS 44.88. Nothing in this subsection prohibits a municipality from entering into an agreement and receiving payments in lieu of taxes authorized under AS 44.88.140(b).

(q) A municipality may by ordinance partially or totally exempt from taxation land from which timber is harvested that is infested by insects or at risk of being infested by insects due to an infestation in the area in which the land is located. A municipality may provide that an exemption for land under this subsection applies only to increases in assessed value that result from the timber harvest. A municipality may by ordinance partially or totally exempt from taxation improvements to real property, including personal property affixed to the improvements, if the improvements are

(1) located on land from which timber is harvested that is infested by insects or at risk of being infested by insects due to an infestation in the area in which the land is located; and

(2) used for or necessary to the harvest of the timber that is infested by insects or in danger of insect infestation.

(r) A municipality may by ordinance exempt from taxation an amount not to exceed \$10,000 of the assessed value of real property owned and occupied as a permanent place of abode by a resident who provides in the municipality volunteer (1) fire fighting services and is certified as a fire fighter by the Department of Public Safety, or (2) emergency medical services and is certified under AS 18.08.082. If two or more individuals are eligible for an exemption for the same property, not more than two exemptions may be granted.

(s) A municipality may by ordinance partially or wholly exempt from taxation the real property owned and occupied as a permanent place of abode by a resident who is the widow or widower of a member of the armed forces of the United States injured serving on active duty while eligible for hostile fire or imminent danger pay who dies because of the injury or complications related to the injury or its treatment. The ordinance must include requirements for determining eligibility for the exemption and a procedure for applying for the exemption.

(§ 12 ch 74 SLA 1985; am § 1 ch 103 SLA 1985; am § 5 ch 70 SLA 1986; am § 1 ch 151 SLA 1988; am § 2 ch 73 SLA 1989; am § 1 ch 98 SLA 1989; am § 15 ch 93 SLA 1991; am § 107 ch 4 FSSLA 1992; am § 1 ch 66 SLA 1993; am § 1 ch 7 SLA 1994; am §

1 ch 65 SLA 1994; am § 1 ch 40 SLA 1995; am § 1 ch 70 SLA 1998; am § 1, 2 ch 8 SLA 1999; am § 4 ch 117 SLA 2000; am § 1 ch 64 SLA 2002; am § 1 ch 54 SLA 2002; am §§ 2, 3, 4, 5 ch 140 SLA 2004; am § 40 ch 56 SLA 2005; am §§ 2, 4 ch 44 SLA 2006; am § 1 ch 89 SLA 2008; am § 10 ch 83 SLA 2010)

**Effect of amendments.** The 2010 amendment, effective June 17, 2010, added subparagraph (E) to subsection (b). The 2008 amendment added subsection (s). The 2006 amendment effective August 23, 2006, amended subsection (o) to require payment of deferred taxes upon transfer of 'entire' ownership of a tax deferred property; added "Otherwise, deferred tax payments become due as specified by the municipality at the time the deferral is granted"; added "An application for a deferral must specify when payment of taxes for each year of deferral will become due, together with an explanation of the reasons for each proposed date for consideration by the municipality"; and repealed the delayed repeal clause as amended. The 2005 amendment effective June 25, 2005 amended subsection (m) to modify the ANCSA citation. The 2004 amendments effective June 30, 2004 amended subsection (a) to address exemptions in a service area to fund special services and raised the exemption from \$10,000 to \$20,000; amended subsection (o) to extend the exemption for deteriorated property from 5 years to 10 years, extended the exemption to include demolition or removal, expanded the definition of deteriorated property. The first 2002 amendment, effective January 1, 2003, added subsection (r). The second 2002 amendment, effective June 30, 2002, added the subsection (q) and provided that it is retroactive to January 1, 2001. The 2000 amendment, effective July 1, 2000, added subsection (p). The 1999 amendment, effective July 1, 1999, made substantive changes to subsection (o). The 1998 amendment, effective July 1, 1998, added subsection (o). The 1995 amendment, effective August 23, 1995, rewrote subsection (b). The first 1994 amendment, effective July 5, 1994, added paragraphs (b)(6)-(b)(9) and made a related stylistic change. The second 1994 amendment, effective August 23, 1994, added former subparagraph (b)(2)(D). The 1993 amendment, effective September 22, 1993, in subsection (n), deleted the former second and third sentences. The 1992 amendment, effective July 1, 1992, rewrote subsection (l). The 1991 amendment, effective September 30, 1991, inserted "including a person who was disabled in the line of duty while serving in the Alaska Territorial Guard" in paragraph (i)(2). The first 1989 amendment, effective May 31, 1989, in subsection (e), deleted "However" from the beginning of the third sentence and added the present last sentence. The second 1989 amendment, effective September 10, 1989, added subsections (m) and (n). The 1988 amendment, effective January 1, 1989, added subsection (l).

**Delayed repeal of subsection (o).** Under § 2 ch 8 SLA 1999, subsection (o) is repealed January 1, 2002; amended under § 1 ch 101 SLA 2002, subsection (o) is repealed July 1, 2006; amended under § 4 ch 140 SLA 2004, subsection (o) is repealed July 1, 2010; amended under § 4 ch 44 SLA 2006, to repeal § 2 ch 8 SLA 1999 as amended under § 1 ch 101 SLA 2002 and as amended under § 4 ch 140 SLA 2004.

### **Sec. 29.45.052. Tax deferral for primary residences.**

(a) A municipality may by ordinance provide for the deferral of all taxes on property that is owned, in whole or in part, by an individual

(1) who occupies and has occupied the property for at least 10 consecutive years as the individual's primary residence;

(2) whose income is at or below federal poverty guidelines for the state set by the United States Department of Health and Human Services.

(b) An individual must apply for each year that a deferral is sought and supply proof of eligibility for the deferral for that year in accordance with requirements set out in the ordinance that authorizes the deferral. Taxes for a year that are deferred do not become payable until ownership of the property is transferred from the individual who

obtained the deferral. A municipality that provides for a deferral of property taxes under this subsection may not impose interest on the taxes deferred between the time the deferral is granted and the time the taxes become payable. (§ 3 ch 44 SLA 2006)

**Sec. 29.45.055. Levy of flat tax on personal property.**

(a) A municipality may by ordinance levy a flat tax on personal property that has been totally exempted from ad valorem taxes under AS 29.45.050(b). A municipality that levies a flat tax may classify the property as to type based on any characteristic and tax each item of property of the same type at a specific amount. A flat tax may be levied on all or on only some types of personal property. The flat tax ordinance must include a procedure under which the taxpayer may appeal the determination of ownership or classification of property subject to the tax. The municipality may establish procedures necessary to collect the tax.

(b) Except as provided in (a) of this section, adoption of a flat tax does not affect the authority of a municipality to levy other taxes or impose fees on the same or other personal property or on the use, possession, sale, or lease of the same or other personal property. (§ 2 ch 40 SLA 1995)

**Sec. 29.45.060. Farm or agricultural land.**

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

(b) An owner of farm use land must, to secure the assessment under this section, apply to the assessor before May 15 of each year in which the assessment is desired. The application shall be made upon forms prescribed by the state assessor for the use of the local assessor, and must include information that may reasonably be required to determine the entitlement of the applicant. If the land is leased for farm use purposes, the applicant shall furnish to the assessor a copy of the lease bearing the signatures of both lessee and lessor along with the completed application. The applicant shall furnish the assessor a copy of the lease covering the period for which the exemption is requested. This subsection does not apply to a person with an interest in land that is classified by the state for agricultural use or that is restricted by the state for agricultural purposes.

(c) In the event of a crop failure by an act of God the previous year, the owner or lessee may submit an affidavit affirming that 10 percent of gross income for the past three years was from farming.

(d) Subject to legislative appropriations for the purpose, the state shall reimburse a borough or city, as appropriate, for the property tax revenues lost to it by the operation of this section.

(e) All land that is classified by the state for agricultural use or that is restricted by the state for agricultural purposes shall be assessed on the basis of full and true value based upon that restricted use.

(f) In this section "farm use" means the use of land for profit for raising and harvesting crops, for the feeding, breeding, and management of livestock, for dairying, or another agricultural use, or any combination of these. To be farm use land, the owner or lessee must be actively engaged in farming the land, and derive at least 10 percent of yearly gross income from the land. This section does not apply to land for which the owner has granted, and has outstanding, a lease or option to buy the surface rights. A property owner wishing to file for farm use classification having no history of farm-related income may submit a declaration of intent at the time of filing the application with the assessor setting out the intended use of the land and the anticipated percentage of income. An applicant using this procedure shall file with the assessor before February 1 of the following year a notarized statement of the percentage of gross income attributable to the land. Failure to make the filing required in this subsection forfeits the exemption. (§ 12 ch 74 SLA 1985; am §§ 1 and 2 ch 117 SLA 2002)

**Effect of amendments.** The 2002 amendment, effective January 1, 2003, substituted the word "must" for the word "shall" in the second sentence of subsection (b); added the last sentence of subsection (b); renumbered section e to f, and added a new subsection (e).

#### **Sec. 29.45.062. Land subject to a conservation easement.**

(a) Land that is subject to a conservation easement created under AS 34.17 and used consistent with the conservation easement shall be assessed on the basis of full and true value for use subject to the conservation easement and may not be assessed as though it was not subject to the conservation easement. The assessor shall maintain records valuing the land for both full and true value and value subject to the conservation easement. The municipality may, by ordinance, require that if the land is sold, leased, or otherwise disposed of for uses incompatible with the conservation easement or if the conservation easement is conveyed to the owner of the property, the owner shall pay to the municipality an amount equal to the additional tax at the current mill levy together with eight percent interest for the preceding 10 years, as though the land had not been assessed subject to the conservation easement.

(b) To secure the assessment under this section, an owner of land subject to a conservation easement must apply to the assessor before May 15 of each year in which the assessment is desired. The application shall be made upon forms prescribed by the assessor and shall include information that may reasonably be required to determine the entitlement of the applicant. (§ 3 ch 73 SLA 1989)

#### **Sec. 29.45.065. Assessment of private airports open for public use.**

(a) A municipality may provide by ordinance that airports located on private land and open and available for public use may be assessed at full and true value for airport use and not as if subdivided or used for some other nonairport use. The assessor shall



maintain records valuing the land at both full and true value and airport use value. If the land is sold, leased, or otherwise disposed of for uses incompatible with airport use by the public or if the owner converts the land to a use incompatible with airport use by the public, the owner is liable to pay an amount equal to the additional tax at the current mill levy together with eight percent interest from the time of the incompatibility, as if the land had not been assessed for airport use. Payment of the additional tax and interest shall be made to the municipality.

(b) To secure the assessment under this section, the owner of the airport shall show that the airport is on private land, is open and available for public use, and is of benefit to the public or municipality. The owner shall apply to the assessor before May 15 of each year that the assessment is desired on forms to be prescribed by the municipality for use of the local assessor and shall include information reasonably required to determine the entitlement of the applicant. If the land is leased for airport purposes, the applicant shall furnish the assessor with a copy of the lease bearing the signature of both the lessee and lessor for the period that the exemption is requested.

(c) In this section, "airport" means an area of land or water that is used for the landing, takeoff, movement, or parking of aircraft, and the appurtenant areas that are used for airport buildings or other airport facilities or right-of-way, together with airport buildings and facilities at the location. (§ 1 ch 16 SLA 1987)

#### **Sec. 29.45.070. Mobile homes.**

Mobile homes, trailers, house trailers, trailer coaches and similar property used or intended to be used for residential, office, or commercial purposes and attached to the land or connected to water, gas, electric, or sewage facilities are classified as real property for tax purposes unless expressly classified as personal property by ordinance. This section does not apply to house trailers and mobile homes that are unoccupied and held for sale by persons engaged in the business of selling mobile homes. (§ 12 ch 74 SLA 1985)

#### **Sec. 29.45.080. Tax on oil and gas production and pipeline property.**

(a) A municipality may levy and collect taxes on taxable property taxable under AS 43.56 only by using one of the methods set out in (b) or (c) of this section.

(b) A municipality may levy and collect a tax on the full and true value of taxable property taxable under AS 43.56 as valued by the Department of Revenue at a rate not to exceed that which produces an amount of revenue from the total municipal property tax equivalent to \$1,500 a year for each person residing in its boundaries.

(c) A municipality may levy and collect a tax on the full and true value of that portion of taxable property taxable under AS 43.56 as assessed by the Department of Revenue which value, when combined with the value of property otherwise taxable by the municipality, does not exceed the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality.

(d) By February 1 of each assessment year a taxing municipality shall inform the Department of Revenue which method of taxation the municipality will use.

(e) For purposes of this section, population shall be determined by the commissioner based on the latest statistics of the United States Bureau of the Census or on other reliable population data, and the commissioner shall advise each municipality of its population by January 15 of each year. (§ 12 ch 74 SLA 1985)

**Sec. 29.45.090. Tax limitation.**

(a) A municipality may not, during a year, levy an ad valorem tax for any purpose in excess of three percent of the assessed value of property in the municipality. All property on which an ad valorem tax is levied shall be taxed at the same rate during the year.

(b) A municipality, or combination of municipalities occupying the same geographical area, in whole or in part, may not levy taxes

(1) that will result in tax revenues from all sources exceeding \$1,500 a year for each person residing within the municipal boundaries; or

(2) upon value that, when combined with the value of property otherwise taxable by the municipality, exceeds the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality.

(c) The commissioner shall apportion the lawful levy and equitably divide the tax revenues on the basis of need, services performed, and other considerations in the public interest if two or more municipalities occupying the same geographical area, in whole or in part, attempt to levy a tax

(1) the combined levy of which would result in tax revenues from all sources exceeding \$1,500 a year for each person residing within the municipal boundaries; or

(2) upon value that, when combined with the value of property otherwise taxable by the municipality, exceeds the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality.

(d) For the purpose of (b) and (c) of this section, population shall be determined by the commissioner based on the latest statistics of the United States Bureau of the Census or on other reliable population data. (§ 12 ch 74 SLA 1985; am § 3 ch 40 SLA 1995)

**Effect of amendments.** The 1995 amendment, effective August 23, 1995, inserted references to ad valorem taxes in two places in subsection (a).

**Sec. 29.45.100. No limitations on taxes to pay bonds.**

The limitations provided for in AS 29.45.080 - 29.45.090 do not apply to taxes levied or pledged to pay or secure the payment of the principal and interest on bonds. Taxes to pay or secure the payment of principal and interest on bonds may be levied without limitation as to rate or amount, regardless of whether the bonds are in default or in danger of default. (§ 12 ch 74 SLA 1985)

**Sec. 29.45.101. Limitation on taxation of fuel.**

A municipality may not levy or collect a property tax under AS 29.45.010 or 29.45.055 on refined fuel unless the fuel has been physically loaded, unloaded, or stored in the municipality. (§ 3 Chap 117 SLA 2003)

**Sec. 29.45.103. Taxation records.**

(a) Municipal records dealing with assessment, valuation, or taxation may be inspected by the State Assessor or a designee.

(b) If a municipality's assessment and valuation has been done by a private contractor, records concerning the municipality's valuation and assessment shall be made available to the State Assessor or a designee on request.

(c) Upon request, a record described in (a) or (b) of this section shall promptly be made available to the child support enforcement agency created in AS 25.27.010 or the child support enforcement agency of another state. If the record is prepared or maintained in an electronic data base, it may be supplied by providing the requesting agency with a copy of the electronic records and a statement certifying its contents. The agency receiving information under this subsection may use the information only for child support purposes authorized under law. (§ 12 ch 74 SLA 1985; am § 141 ch 87 SLA 1997; am § 15 ch 54 SLA 2001)

**Effect of amendments.** The 1997 amendment, effective July 1, 1997, added subsection (c).

**Editor's notes.** The delayed repeal of (c) of this section by § 148(c) ch 87 SLA 1997, as amended by § 53 ch 132 SLA 1998, which was to take effect July 1, 2001, was repealed by § 15 ch 54 SLA 2001.

**Sec. 29.45.105. Errors in taxation procedures.**

(a) If a municipality receives a notice from the State Assessor that major errors have been found in its assessment, valuation or taxation procedures, the municipality shall correct its procedures before the beginning of the next fiscal year or file an appeal under (b) of this section.

(b) A municipality may appeal a notice from the State Assessor that it has made a major error in assessment, valuation or taxation procedures by filing an appeal with the commissioner within 30 days after receipt of notice of error.

(c) The commissioner, after consulting with the Alaska Association of Assessing Officers, shall render a decision within 60 days after the receipt of a request under (b) of this section. If the commissioner determines that a major error has been made in assessment, valuation or taxation procedures the commissioner shall notify the municipality of changes that must be made and the municipality shall correct its procedures before the beginning of the next fiscal year.

(d) If errors in its assessment, valuation or taxation procedures have resulted in a loss of revenue to the state, the municipality shall reimburse the state for the amount of revenues lost. (§ 12 ch 74 SLA 1985)

**Sec. 29.45.110. Full and true value.**

(a) The assessor shall assess property at its full and true value as of January 1 of the assessment year, except as provided in this section, AS 29.45.060, and 29.45.230. The full and true value is the estimated price that the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels.

(b) Assessment of business inventories may be based on the average monthly method of assessment rather than the value existing on January 1. The method used to assess business inventories shall be prescribed by the governing body.

(c) In the case of cessation of business during the tax year, the municipality may provide for reassessment of business inventories using the average monthly method of assessment for the tax year rather than the value existing on January 1 of the tax year, and for reduction and refund of taxes. In enacting an ordinance authorized by this section, the municipality may prescribe procedures, restrictions, and conditions of assessing or reassessing business inventories and of remitting or refunding taxes.

(d) The provisions of this subsection apply to determine the full and true value of property that qualifies for a low-income housing credit under 26 U.S.C. 42:

(1) when the assessor acts to determine the full and true value of property that qualifies for a low-income housing credit under 26 U.S.C. 42, instead of assessing the property under (a) of this section, the assessor shall base assessment of the value of the property on the actual income derived from the property and may not adjust it based on the amount of any federal income tax credit given for the property; for property the full and true value of which is to be determined under this paragraph, to secure an assessment under this subsection, an owner of property that qualifies for the low-income housing credit shall apply to the assessor before May 15 of each year in which the assessment is desired; the property owner shall submit the application on forms prescribed by the assessor and shall include information that may reasonably be required to determine the entitlement of the applicant;

(2) the governing body of the municipality shall determine by ordinance whether the full and true value of all property within the municipality that first qualifies for a low-income housing credit under 26 U.S.C. 42 on and after the effective date of this subsection shall be exempt from the requirement of assessment under (1) of this subsection; thereafter, for property that first qualifies for a low-income housing credit under 26 U.S.C. 42 on and after the effective date of this subsection and that, by ordinance, is exempt from the requirement of mandatory assessment under (1) of this subsection, the governing body

(A) may determine, by parcel, whether the property shall be assessed under (a) of this section or on the basis of actual income derived from the property without adjustment based on the amount of any federal income tax credit given for the property, as authorized by (1) of this subsection; and

(B) may not, under (A) of this paragraph, change the manner of assessment of the parcel of property if debt relating to the property incurred in conjunction with the property's qualifying for the low-income housing tax credit remains outstanding. (§ 12 ch 74 SLA 1985; am § 1 ch 79 SLA 2000)

**Effect of amendments.** The 2000 amendment, effective January 1, 2001, added subsection (d).

**Sec. 29.45.120. Returns.**

(a) The municipality may require each person having ownership or control of or an interest in property to submit a return in the form prescribed by the assessor, based on property values of property subject to an ad valorem tax existing on January 1, except as otherwise provided in this chapter.

(b) The assessor may, by written notice, require a person to provide additional information within 30 days. (§ 12 ch 74 SLA 1985; am § 4 ch 40 SLA 1995)

**Effect of amendments.** The 1995 amendment, effective August 23, 1995, inserted “of property subjected to an ad valorem tax” in subsection (a).

**Sec. 29.45.130. Independent investigation.**

(a) The assessor is not bound to accept a return as correct. The assessor may make an independent investigation of property returned or of taxable property on which no return has been filed. In either case, the assessor may make the assessor's own valuation of the property subject to an ad valorem tax and this valuation is prima facie evidence of the value of the property.

(b) For investigation, the assessor or the assessor's agent may enter real property during reasonable hours to examine visible personal property and the exterior of a dwelling or other structure on the real property. The assessor or the assessor's agent may enter and examine the interior of a dwelling or other structure or the personal property in it only (1) if the structure is under construction and not yet occupied; (2) with the permission of a person in actual possession of the structure; or (3) in accordance with a court order to compel the entry and inspection. The assessor or the assessor's agent may examine all property records involved. A person shall, on request, furnish to the assessor or the assessor's agent assistance for the investigation and permit the assessor or the assessor's agent to enter a dwelling or other structure to examine the structure or personal property in it during reasonable hours. The assessor may seek a court order to compel entry and production of records needed for assessment purposes.

(c) An assessor may examine a person on oath. On request, the person shall submit to examination at a reasonable time and place selected by the assessor. (§ 12 ch 74 SLA 1985; am § 5 ch 40 SLA 1995; am § 1 ch 4 SLA 1999)

**Effect of amendments.** The 1999 amendment, effective March 27, 1999, made substantive changes to subsection (b). The 1995 amendment, effective August 23, 1995, substituted “property subjected to an ad valorem tax” for “taxable property” in subsection (a).

**Sec. 29.45.140. Violations; authorization to prescribe penalties by ordinance.**

For knowingly failing to file a tax statement required by ordinance or knowingly making a false affidavit to a statement required by a tax ordinance relative to the amount, location, kind, or value of property subject to taxation with intent to evade the taxation, a municipality may by ordinance prescribe a penalty not to exceed a fine of \$1,000 or imprisonment for 90 days. (§ 12 ch 74 SLA 1985)

**Sec. 29.45.150. Reevaluation.**

A systematic reevaluation of taxable real and personal property undertaken by the assessor, whether of specific areas in which real property is located or of specific classes of real or personal property to be assessed, shall be made only in accordance with a resolution or other act of the municipality directing a systematic reevaluation of all taxable property in the municipality over the shortest period of time practicable, as fixed in the resolution or act. (§ 12 ch 74 SLA 1985)

**Sec. 29.45.160. Assessment roll.**

(a) The assessor shall prepare an annual assessment roll. The roll must contain

- (1) a description of all property subject to an ad valorem tax;
- (2) the assessed value of all property subject to an ad valorem tax;
- (3) the names and addresses of persons with property subject to an ad valorem tax.

(b) The assessor may list real property by any description that may be made certain. Real property is assessed to the record owner. The district recorder shall at least monthly provide the assessor a copy of each recorded change of ownership showing the name and mailing address of the owner and the name and mailing address of the person recording the change of ownership. Other persons having an interest in the property may be listed on the assessment records with the owner. The person in whose name property is listed as owner is conclusively presumed to be the legal record owner. If the property owner is unknown, the property may be assessed to "unknown owner". An assessment is not invalidated by a mistake, omission, or error in the name of the owner, if the property is correctly described. (§ 12 ch 74 SLA 1985; am § 6 ch 40 SLA 1995)

**Effect of amendments.** The 1995 amendment, effective August 23, 1995, in subsection (a), substituted "property subjected to an ad valorem tax" for "taxable property" in paragraphs (1) and (2) and for "property subject to assessment and taxation" in paragraph (3).

**Sec. 29.45.170. Assessment notice.**

(a) The assessor shall give each person named in the assessment roll a notice of assessment showing the assessed value of the person's property that is subject to an ad valorem tax. On each notice is printed a brief summary of the dates when taxes are payable, delinquent, and subject to penalty and interest, and the dates when the board of equalization will sit.

(b) Sufficient assessment notice is given if mailed by first class mail 30 days before the equalization hearings. If the address is not known to the assessor, the notice may be addressed to the person at the post office nearest the property. Notice is effective on the date of mailing. (§ 12 ch 74 SLA 1985; am § 7 ch 40 SLA 1995)

**Effect of amendments.** The 1995 amendment, effective August 23, 1995, in subsection (a), added "that is subject to an ad valorem tax" at the end of the first sentence and made a minor stylistic change.

**Sec. 29.45.180. Corrections.**

(a) A person receiving an assessment notice shall advise the assessor of errors or omissions in the assessment of the person's property. The assessor may correct errors or omissions in the roll before the board of equalization hearing.

(b) If errors found in the preparation of the assessment roll are adjusted, the assessor shall mail a corrected notice allowing 30 days for appeal to the board of equalization. (§ 12 ch 74 SLA 1985)

**Sec. 29.45.190. Appeal.**

(a) A person whose name appears on the assessment roll or the agent or assigns of that person may appeal to the board of equalization for relief from an alleged error in valuation not adjusted by the assessor to the taxpayer's satisfaction.

(b) The appellant shall, within 30 days after the date of mailing of notice of assessment, submit to the assessor a written appeal specifying grounds in the form that the board of equalization may require. Otherwise, the right of appeal ceases unless the board of equalization finds that the taxpayer was unable to comply.

(c) The assessor shall notify an appellant by mail of the time and place of hearing.

(d) The assessor shall prepare for use by the board of equalization a summary of assessment data relating to each assessment that is appealed.

(e) A city in a borough may appeal an assessment to the borough board of equalization in the same manner as a taxpayer. Within five days after receipt of the appeal, the assessor shall notify the person whose property assessment is being appealed by the city. (§ 12 ch 74 SLA 1985)

**Sec. 29.45.200. Board of equalization.**

(a) The governing body sits as a board of equalization for the purpose of hearing an appeal from a determination of the assessor, or it may delegate this authority to one or more boards appointed by it. An appointed board may be composed of not less than three persons, who shall be members of the governing body, municipal residents, or a combination of members of the governing body and residents. The governing body shall by ordinance establish the qualifications for membership.

(b) The board of equalization is governed in its proceedings by rules adopted by ordinance that are consistent with general rules of administrative procedure. The board may alter an assessment of a lot only pursuant to an appeal filed as to the particular lot.

(c) Notwithstanding other provisions in this section, a determination of the assessor as to whether property is taxable under law may be appealed directly to the superior court. (§ 12 ch 74 SLA 1985)

**Sec. 29.45.210. Hearing.**

(a) If an appellant fails to appear, the board of equalization may proceed with the hearing in the absence of the appellant.

(b) The appellant bears the burden of proof. The only grounds for adjustment of assessment are proof of unequal, excessive, improper, or under valuation based on facts

that are stated in a valid written appeal or proven at the appeal hearing. If a valuation is found to be too low, the board of equalization may raise the assessment.

(c) The board of equalization shall certify its actions to the assessor within seven days. Except as to supplementary assessments, the assessor shall enter the changes and certify the final assessment roll by June 1.

(d) An appellant or the assessor may appeal a determination of the board of equalization to the superior court as provided by rules of court applicable to appeals from the decisions of administrative agencies. Appeals are heard on the record established at the hearing before the board of equalization. (§ 12 ch 74 SLA 1985)

#### **Sec. 29.45.220. Supplementary assessment rolls.**

The assessor shall include property omitted from the assessment roll on a supplementary roll, using the procedures set out in this chapter for the original roll. (§ 12 ch 74 SLA 1985)

#### **Sec. 29.45.230. Tax adjustments on property affected by a natural disaster.**

(a) The municipality may by ordinance provide for assessment or reassessment and reduction of taxes for property destroyed, damaged, or otherwise reduced in value as a result of a disaster.

(b) An assessment or reassessment under this section may be made by the assessor only upon the receipt of a sworn statement of the taxpayer that losses exceed \$1,000. A reduction of taxes may be made only on losses in excess of \$1,000 for the remainder of the year following the disaster. On reassessment, the municipality shall recompute this tax and refund taxes that have already been paid.

(c) The municipality shall give notice of assessment or reassessment under this section and shall hold an equalization hearing as provided in this chapter, except that a notice of appeal must be filed with the board of equalization within 10 days after notice of assessment or reassessment is given to the person appealing. Otherwise, the right of appeal ceases unless the board finds that the taxpayer is unable to comply.

(d) In an ordinance authorized by this section the municipality shall establish criteria for the reduction of taxes on property damaged, destroyed, or otherwise reduced in value as a result of disaster, and may, consistent with this section, prescribe procedures, restrictions, and conditions for assessing or reassessing property and for remitting, refunding, or forgiving taxes. (§ 12 ch 74 SLA 1985; am § 50 ch 14 SLA 1987; am §§ 1, 2, 3 ch 001 SLA 2004)

**Effect of amendments.** The 2004 amendments effective May 13, 2004, amended subsection (a) to insert ‘by ordinance’ and delete the word ‘natural’; amended subsection (d) by deleting the words ‘enacting’ and ‘or resolution,’ rewrote portions of subsection (d) to require that property tax reduction criteria be established in ordinance; and repealed subsection (e) defining disaster.



**Sec. 29.45.240. Establishment of levy and determination of rate.**

(a) The power granted to a municipality to assess, levy, and collect a property tax shall be exercised by means of an ordinance. The rate of levy, the date of equalization, and the date when taxes become delinquent shall be fixed by resolution.

(b) A municipality shall annually determine the rate of levy before June 15. By July 1 the tax collector shall mail tax statements setting out the levy, dates when taxes are payable and delinquent, and penalties and interest. (§ 12 ch 74 SLA 1985)

**Sec. 29.45.250. Rates of penalty and interest.**

(a) A penalty not to exceed 20 percent of the tax due may be added to all delinquent taxes, and interest not to exceed 15 percent a year shall accrue upon all unpaid taxes, not including penalty, from the due date until paid in full. A municipality may impose a penalty not to exceed 20 percent of the tax due upon the late return of personal property assessment forms. A penalty under this section may be imposed according to a formula that increases the amount of the penalty as the length of time increases during which payment is delinquent or assessment forms are not returned.

(b) If a taxpayer is given the right to pay the tax in two installments, penalty and interest on an unpaid installment accrues from the date the installment becomes due. (§ 12 ch 74 SLA 1985)

**Article 2. Enforcement of Tax Liens.****Section**

290. Validity	390. Transfer and appeal
295. Collection of delinquent taxes on certain governmental property	400. Redemption period
300. Tax liability	410. Effect
310. Enforcement of personal property tax liens by distraint and sale	420. Additional liens
320. Real property tax collection	430. Possession during redemption period
330. Foreclosure list	440. Expiration
340. Clearing delinquencies	450. Deed to borough or city
350. List to lienholder	460. Disposition and sale of foreclosed property
360. General foreclosure	470. Repurchase by record owner
370. Answer and objection	480. Proceeds of tax sale
380. Judgment	490. Payment of taxes upon public utilization
	500. Refund of taxes

**Sec. 29.45.290. Validity.**

Certified assessment and tax rolls are valid and binding on all persons, notwithstanding a defect, error, omission, or invalidity in the assessment rolls or proceedings pertaining to the assessment roll. (§ 12 ch 74 SLA 1985)