

SENATE CS FOR CS FOR HOUSE BILL NO. 347(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 5/9/24

Referred: Finance

Sponsor(s): REPRESENTATIVES COULOMBE, Tomaszewski, Prax, Story, Carpenter, Rauscher, Hannan, Vance, Josephson, Wright, Allard, Cronk, Saddler

SENATORS Myers, Bjorkman, Kiehl

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to municipal property tax; relating to assessment of property, boards**
2 **of equalization, and certification of assessors; and providing for an effective date."**

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

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

5 (m) A municipality may by ordinance partially or totally exempt all or some
6 types of economic development property from taxation for a designated period.
7 [EXCEPT AS OTHERWISE PROVIDED BY AN ORDINANCE ENACTED BY
8 THE MUNICIPALITY BEFORE JANUARY 1, 2017, A MUNICIPALITY THAT IS
9 A SCHOOL DISTRICT MAY ONLY EXEMPT ALL OR A PORTION OF THE
10 AMOUNT OF TAXES THAT EXCEEDS THE AMOUNT LEVIED ON OTHER
11 PROPERTY FOR THE SCHOOL DISTRICT'S REQUIRED LOCAL
12 CONTRIBUTION UNDER AS 14.17.410(b)(2).] A municipality may by ordinance
13 permit deferral of payment of taxes on all or some types of economic development
14 property for a designated period. A municipality may apply an exemption or deferral
15 under this subsection to taxes levied for special services in a service area that is

supervised by an elected service area board under AS 29.35.460 unless the elected service area board objects to the exemption or deferral by resolution adopted not later than 60 days after the effective date of the municipal ordinance enacting the tax exemption or deferral. 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ordinance made available at a public hearing on it contain written notice that the ordinance, if adopted, may be repealed by the voters through referendum.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.

* **Sec. 2.** AS 29.45 is amended by adding a new section to read:

Sec. 29.45.057. Levy of tax on blighted property. (a) A municipality may levy a tax on real property that the municipality designates as blighted if, before levying the tax, the municipality adopts an ordinance that establishes

(1) standards for determining whether a property is blighted; the standards must specify that a property is blighted if at least one of the following applies:

(A) the condition of the property endangers public health and safety;

(B) the property has been declared a public nuisance under a local housing, building, plumbing, fire, or other related code or ordinance;

(C) the unsecured, vacant, or deteriorated state of the property has caused it to become the subject or center of repeated illegal activity; or

(D) the property has been vacant for not less than one year and is

(i) open to the elements;

(ii) unfit for occupancy; or

(iii) a fire hazard;

(2) a procedure for designating a property as blighted that provides to the property's owner notice of the proposed designation and an opportunity to challenge the designation at a hearing;

(3) the tax rate, not to exceed 50 percent of the annual property tax

1 assessed on a property, that applies to a property designated as blighted;

2 (4) standards for remediating or redeveloping a property to remove the
3 property's designation as blighted; and

4 (5) a reduced tax rate, and the duration of time that the reduced tax rate
5 will apply, for a property that is undergoing remediation or redevelopment to remove
6 the property's designation as blighted.

7 (b) For the owner of a property designated as blighted to qualify for a reduced
8 tax rate established under (a)(5) of this section, the property owner must submit to the
9 municipality a plan for remediating or redeveloping the property, the municipality
10 must approve the plan, and the property owner must comply with the terms of the
11 plan.

12 (c) An ordinance adopted under (a) of this section may require tax collected
13 under this section to be segregated from other property tax and dedicated to
14 community redevelopment purposes.

15 (d) A municipality may not designate as blighted a property owner's primary
16 residence.

17 * **Sec. 3.** AS 29.45.110(a) is amended to read:

18 (a) The assessor shall assess property at its full and true value as of January 1
19 of the assessment year, except as provided in this section, AS 29.45.060, and
20 29.45.230. The full and true value is the estimated price that the property would bring
21 in an open market and under the then prevailing market conditions in a sale between a
22 willing seller and a willing buyer both conversant with the property and with
23 prevailing general price levels. **The assessor shall determine the full and true value**
24 **as provided in standards adopted by the department under (e) of this section or**
25 **another set of standards provided by ordinance.**

26 * **Sec. 4.** AS 29.45.110 is amended by adding a new subsection to read:

27 (e) The department shall adopt standards for assessing the full and true value
28 of property under (a) of this section that are not inconsistent with standards adopted by
29 the International Association of Assessing Officers and update the standards when
30 necessary.

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

1 **Sec. 29.45.115. Assessor certification.** A municipality may not employ an
 2 assessor, including a private contractor, unless the assessor has a level 3 certification
 3 or higher from the Alaska Association of Assessing Officers or works under the
 4 supervision of an individual with a level 3 certification or higher from the Alaska
 5 Association of Assessing Officers.

6 * **Sec. 6.** AS 29.45.180(a) is amended to read:

7 (a) A person receiving an assessment notice shall advise the assessor of errors
 8 or omissions in the assessment of the person's property. **If requested by the person,**
 9 **the assessor or a person designated by the assessor shall meet with the person and**
 10 **answer reasonable questions relating to the methods used to assess the person's**
 11 **property. The meeting required under this subsection may be virtual or**
 12 **telephonic.** The assessor may correct errors or omissions in the roll before the board
 13 of equalization hearing.

14 * **Sec. 7.** AS 29.45.200(a) is amended to read:

15 (a) The governing body **shall appoint one or more boards** [SITS AS A
 16 BOARD] of equalization for the purpose of hearing an appeal from a determination of
 17 the assessor [, OR IT MAY DELEGATE THIS AUTHORITY TO ONE OR MORE
 18 BOARDS APPOINTED BY IT]. An appointed board **shall** [MAY] be composed of
 19 not less than three persons, who shall be members of the governing body, municipal
 20 residents, or a combination of members of the governing body and residents. The
 21 governing body shall by ordinance establish the qualifications for membership. **The**
 22 **governing body may by ordinance appoint itself to sit as a board of equalization.**

23 * **Sec. 8.** AS 29.45.210(b) is amended to read:

24 (b) The appellant bears the burden of proof. The only grounds for adjustment
 25 of assessment are proof of unequal, excessive, improper, or under valuation based on
 26 facts that are stated in a valid written appeal or proven at the appeal hearing. **The** [IF
 27 A VALUATION IS FOUND TO BE TOO LOW, THE] board of equalization may **not**
 28 raise the assessment **in the current year unless requested to do so by the appellant.**
 29 **If the appellant provides a long form fee appraisal to support the appellant's**
 30 **valuation and the board of equalization does not find in favor of the appellant,**
 31 **the board shall make specific findings on the record to support its decision.**

1 * **Sec. 9.** AS 29.45.560 is amended by adding a new subsection to read:

2 (b) Home rule and first class cities inside boroughs may levy a tax under
3 AS 29.45.057.

4 * **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 TRANSITION: REGULATIONS. The Department of Commerce, Community, and
7 Economic Development may adopt regulations necessary to implement the changes made by
8 this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not
9 before the effective date of the law implemented by the regulation.

10 * **Sec. 11.** Sections 1, 2, 9, and 10 of this Act take effect immediately under
11 AS 01.10.070(c).

12 * **Sec. 12.** Except as provided in sec. 11 of this Act, this Act takes effect January 1, 2026.