



## Alaska State Legislature Representative John Harris

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### Sponsor Statement HB 455

**“An act relating to the assessment of farm or agricultural land for purposes of municipal taxation; and providing for an effective date.”**

The State of Alaska has been careful to recognize that there is a public purpose served when land used for farming and other agricultural activities is classified and restricted for agricultural use. One key element of restricting land for agricultural use is that, so long as it is so classified and restricted, the land should be assessed and taxed at a rate that is based on farm value, rather than on land sales that are often higher than farm value.

The State recognized the need for assessing fee simple land, used for agriculture, on its farm value and provided a farm exemption under [AS 29.45.060](#). The statute did not specifically include state restricted agricultural use lands, since these lands, by definition, could only be used for agriculture. Unfortunately, the assessment of state restricted agricultural lands is subject to rising taxes as local assessors increasingly use comparable sales to assess these lands while ignoring the agricultural value of these restricted use lands.

Often state restricted agricultural use land cannot meet the requirements of AS 29.45.060. Yet, land sold by the State and restricted to agricultural use can only be used for agricultural purposes, therefore precluding other uses of the land. Thus, assessments should be based on the value of the crops that can be produced, not on other perceived values or land sales.

[HB 455](#) re-affirms the public purposes of the state’s designation of certain lands for agricultural purposes only. It removes the requirement that owners of agricultural land apply for and receive a determination of agricultural use before receiving the farm exemption assessment provided by AS 29.45.060.