

12.15.015 - Real property exemptions.

A. *Applications for exemptions.* The municipal assessor or designee shall grant or deny applications for exemptions.

B. *Definitions.* For purposes of this section 12.15.015 only, the following words are defined as:

*Real property* shall include a mobile home, regardless of the classification of a mobile home as personal or real property elsewhere in this Code.

*Primary residence* and *permanent place of abode* shall mean a dwelling in which the person resides at least 185 days in the year prior to the exemption year and when absent, the dwelling is not leased or rented to another.

*Resident* shall mean a person who has a fixed habitation in the State of Alaska for at least 185 days per calendar year, and when absent, intends to return to the State of Alaska.

C. *Strict enforcement of deadlines to file an exemption application and annual certification.*

1. Properties qualifying for an exemption under this section must be owned and in use on January 1 of the applicable tax year. There shall be no proration of taxes under this section.
2. A written application for real property exemption under this section, including required documentation, must be received by the assessor no later than March 15 of the tax year in which the exemption is requested.
3. If an exemption has been approved, and there is no change in ownership or use, the owner of record may qualify annually for the exemption in successive tax years by providing annual certification to the assessor that the exempt use of the property remains consistent with the use described in the approved application.
4. Annual certification shall be in the form prescribed by the assessor, and received by the assessor by no later than March 15 of the current tax year, or the exemption expires and a new application is required.
  - a. For a disabled veteran exemption, see section 12.15.015 D.2., below.
  - b. Annual certification is not required for residential real property exemption if there is no change in ownership, residency or permanent place of abode.
  - c. For a nonprofit religious, charitable, cemetery, hospital or educational exemption, see section 12.15.015 D.3 below.
5. The deadline for filing an application for exemption, filing an annual certification, requesting an administrative review from the assessor, and filing an appeal to court, shall be strictly enforced and shall not be waived.
6. If the assessor determines a property is not eligible for an exemption, all taxes, penalty, and interest due for all tax years beginning the year the property should have been subject to taxation shall be due and owing.
7. No exemption shall be available under this section if the real property has been conveyed to the person or organization seeking the exemption for the primary purpose of obtaining the exemption.

D. *State exemptions.*

1. *Senior exemption.* The first \$150,000.00 of assessed value of real property is exempt from taxation if it has been owned and occupied as the primary residence and permanent place of abode of an eligible applicant prior to January 1 of the exemption year. To qualify for exemption:
  - a. Upon initial application, the applicant must have been a resident of the State of Alaska for the entire year prior to the exemption year; and

- b. In each subsequent year the property must be owned and occupied as the primary residence and permanent place of abode for at least 185 days prior to January 1 of the exemption year. The applicant must be:
    - i. A resident who has reached the age of 65 prior to January 1 of the year for which the exemption applies; or
    - ii. A resident who has reached the age of 60 prior to January 1 of the year for which the exemption applies and is also a widow or widower of a person who qualified to receive a senior tax exemption under this subsection in a previous assessment year.
  - c. Only one exemption under section D. may be granted for any residence in any assessment year.
    - i. If two or more persons are eligible for an exemption for the same residence, it is the responsibility of the parties to determine who is to receive the benefit of the exemption.
  - d. If the property is occupied by a person other than the eligible applicant and the applicant's spouse and minor children, this exemption applies only to the portion of the property occupied by the eligible applicant and the applicant's spouse and minor children as primary residence and permanent place of abode.
  - e. A qualified senior citizen need not file an application for successive tax years if there is no change in ownership, in residency or permanent place of abode, or other factor affecting qualification for the exemption.
    - i. The assessor may require written proof under this section at any time.
    - ii. It shall be the responsibility of every person who obtains an exemption under this section to notify the assessor of any change in ownership, property use, residency, permanent place of abode or other factor affecting qualification for the exemption.
  - f. The assessor may waive, up to and including May 15 of the current tax year, the claimant's failure to make timely application for exemption under this subsection for that year and accept the application as timely filed where a serious medical condition of the applicant, or a member of the applicant's immediate family, causes the applicant to miss the deadline.
    - i. For the purposes of waiver of claimant's failure to make timely application under this subsection, the chief financial officer is authorized to grant a waiver after denial by the assessor.
2. *Disabled veteran exemption.* The first \$150,000.00 of assessed value of real property is exempt from taxation if it has been owned and occupied as the primary residence and permanent place of abode of an eligible applicant prior to January 1 of the exemption year. To qualify for exemption:
- a. Upon initial application the applicant must have been a resident of the State of Alaska for the entire year prior to the exemption year; and
  - b. In each subsequent year the property must be owned and occupied as the primary residence and permanent place of abode for at least 185 days prior to January 1 of the exemption year; and
  - c. Prior to January 1 of the exemption year:
    - i. Separated from the Military Service of the United States under conditions which are not dishonorable and whose disability was incurred or aggravated in the line of duty in Military Service of the United States, and whose disability is rated as 50 percent or more by the branch of service in which that person served or by the U.S. Department of Veterans Affairs; or

- ii. Served in the Alaska Territorial Guard, whose disability was incurred or aggravated in the line of duty while serving in the Alaska Territorial Guard, and whose disability is rated as 50 percent or more.
  - d. A widow or widower of a person qualified for a disabled veteran tax exemption in a previous assessment year shall be deemed eligible to apply if the widow or widower is a resident who timely meets the residency, ownership and occupancy requirements applicable to the exemption for a disabled veteran prior to January 1 of the year for which the exemption applies.
  - e. Only one exemption under section D. may be granted for any residence in any assessment year.
    - i. If two or more persons are eligible for an exemption for the same residence, it is the responsibility of the parties to determine who is to receive the benefit of the exemption.
  - f. If the property is occupied by a person other than the eligible applicant and their spouse and minor children, this exemption applies only to the portion of the property occupied by the eligible applicant and their spouse and minor children as primary residence and permanent place of abode.
  - g. After a disabled veteran exemption is granted, an application for successive tax years is not required if there is no change in ownership, in residency or permanent place of abode, status of disability, or other factor affecting qualification for the exemption.
    - i. A disabled veteran who has less than a permanent disability may submit an official disability percentage letter each year prior to March 15.
    - ii. The assessor may require written proof or an updated letter on the official disability percentage on a case-by-case basis under this section at any time.
    - iii. It shall be the responsibility of every person who obtains an exemption under this section to notify the assessor of any change in ownership, property use, residency, permanent place of abode, status of disability or other factor affecting qualification for the exemption.
    - iv. Failure to timely notify the assessor within 30 days of a change in the official disability percentage determination affecting qualification for the exemption is a violation of code and a violation of the public trust. Upon the assessor's determination that a disabled veteran who has less than a permanent disability did not timely report a change in the status of disability, the exemption shall be nullified and deemed denied retroactively for every year in which an annual official disability percentage letter was not submitted by the disabled veteran verifying eligibility for the exemption. This remedy is in addition to all penalty and enforcement provisions applicable under 1.45.010
  - h. If the final disability rating required for exemption under this subsection is not determined until after the period of timely filing for exemption has expired, the assessor may waive the claimant's failure to make timely application and accept the application as timely filed for a prior calendar year, only if the applicant files the application for exemption with the assessor within 30 days of applicant's receipt of the final disability rating.
    - i. For the purposes of waiver of claimant's failure to make timely application under this subsection, the chief financial officer is authorized to grant a waiver after denial by the assessor.
- 3. *Nonprofit religious, charitable, cemetery, hospital or educational exemption.*
  - a. Property used exclusively for nonprofit religious, charitable, cemetery, hospital or educational purposes is exempt from taxation under this chapter for the calendar year in

which application is timely filed, if the assessor or designee determines the application demonstrates the property qualifies for exemption under Alaska Statutes.

- b. The applicant organization shall provide the following information to the assessor or designee to support a determination of exempt status:
  - i. The articles of incorporation.
  - ii. Documentation to support the organization's not-for-profit status (e.g., 1RS § 501(c)(3) determination letter, or equivalent).
  - iii. Description of the use of the property and consistency with the requested exemption.
  - iv. Contracts of any type describing or memorializing use of the property by a person or entity other than the applicant organization.
  - v. Description of any remuneration received by the applicant organization including:
    - (1) Any property, or portion of property, from which rentals or income are derived.
    - (2) Actual operating expenses, excluding debt service or depreciation.
  - vi. Where property is leased by the organization to other entities, financial statements for the past tax year including income and expense reports, and description of any debt service or depreciation included in the financial statements for the property.
  - vii. For property used for an educational purpose, the detail of course curriculum and classroom space.
  - viii. For property used as a religious residence, the detail of the resident's ordination, commission or license (according to the standards of the religious organization), and proof of resident's employment by the religious organization as its minister.
- c. The municipal assessor or designee may request additional information prior to its determination, as reasonably necessary to determine the exempt status of a property in accordance with municipal code and regulations and state law.
- d. Annual certification and reporting requirements.
  1. All change of ownership or use shall be reported to the assessor within 30 days of the change.
  2. Unless specifically requested in the discretion of the assessor for audit, cause, annual or routine review, annual certification is not required after an exemption has been approved under this subsection D.3 for property used exclusively for nonprofit religious, charitable, cemetery, or educational purposes, if there is no change in ownership or use.
  3. Hospital property approved for exemption requires annual certification.

E. *Municipal exemptions.*

1. *Residential real property exemption.* Ten percent of the assessed value of residential real property, up to a maximum of \$20,000.00 of assessed value, shall be exempt from property taxation if:
  - a. Upon initial application, the eligible applicant must have been a resident of the State of Alaska for the entire year prior to the exemption year; and
  - b. The property has been owned and occupied as the primary residence and permanent place of abode of an eligible applicant for at least 185 days in the year prior to January 1 of the exemption year.
  - c. In each subsequent year, the property shall be owned and occupied as the primary residence and permanent place of abode of the eligible applicant for at least 185 days in the year prior to January 1 of the exemption year.

- d. The residential real property exemption may be combined, in whole or in part, with an exemption provided in subsection 12.15.015 D. above.
  - e. An owner-occupied unit in a multi-family housing structure is eligible for the exemption as long as the structure is used as the eligible applicant's primary residence and permanent place of abode for at least 185 days in the year prior to January 1 of the exemption year.
  - f. Only the owner of record shall file the application for an exemption under this section.
  - g. An appeal of a decision by the assessor to deny a residential real property exemption is not subject to administrative review. An appeal from denial of a residential real property exemption shall be filed with the Superior Court, Third Judicial District, Alaska.
    - i. Only the owner of record may appeal an exemption denial under this subsection; and
    - ii. An appeal must be filed within 30 days of receipt of written notice from the assessor of such denial.
  - h. The deadline for filing an application for the residential real property exemption shall be strictly enforced and cannot be waived.
2. *Community purpose exemption.* In order to qualify for a community purpose exemption:
- a. An applicant shall be duly organized for not-for-profit; and
  - b. The organization's property is used exclusively for community purposes; and
  - c. Any income derived from rental of property shall not exceed the actual cost to the owner of the use by the renter.
  - d. Community purpose property is:
    - i. Property dedicated to use by the general public and provides a benefit to the community as a whole; or
    - ii. Vacant land owned by a single nonprofit organization exclusively for uses which qualify for exemption under AS 29.45.030.
      - (1) Vacant land qualifies for an exemption only if it is placed in use within two years from January 1 of the first tax year for which an application is filed.
        - (a) Any vacant land which initially qualifies for an exemption under this section, but which is not placed in use within two years from January 1 of the first tax year, for which an application is filed, shall be subject to taxation in each tax year, retroactive to the first tax year for which the exemption was granted.
      - (2) No single organization shall receive more than four (4) exempt parcels, and the exemption for any one (1) parcel shall not exceed the average assessed value of a single, similarly zoned property, as determined by the assessor on an annual basis.
      - (3) The assessed value of all vacant land for which the taxpayer claims this exemption shall be aggregated with the assessed value of all other vacant land for which another claims this exemption and in which the taxpayer has any ownership or effective controlling interest of any kind, either direct or indirect, and regardless of whether such interest is legal, equitable, prospective, anticipatory, future, contingent or not in writing.
  - e. Actual costs are costs necessary for operating expenses, excluding only debt service or depreciation.
  - f. To determine the exempt status of property under this subsection, the applicant organization shall provide the following information to the assessor or designee:
    - i. The articles of incorporation.

- ii. Documentation to support the organization's not-for-profit status (i.e., IRS § 501(c)(3) determination letter, or equivalent).
  - iii. Description of the use of the property and consistency with the requested exemption.
  - iv. Contracts of any type describing or memorializing use of the property by a person or entity other than the applicant organization.
  - v. Description of any remuneration received by the applicant organization including:
    - (1) Any property, or portion of property, from which rentals or income are derived.
    - (2) Actual operating expenses, excluding only debt service or depreciation.
  - vi. Financial statements for the past tax year including income and expense reports, and description of any debt service or depreciation included in the financial statements for the property.
  - vii. Under this subsection, there shall be no proration of taxes for exemptions. Properties qualifying for an exemption shall be in use under the exempt purpose as of January 1 of the year for which the exemption is granted.
  - viii. The municipal assessor or designee may request additional information prior to its determination, as reasonably necessary to determine the exempt status of a property in accordance with Municipal Code and regulations and state law.
3. *Military service widow and widower exemption.* The first \$150,000.00 of assessed value of real property is exempt from taxation if it has been owned and occupied as the primary residence and permanent place of abode of an eligible widow or widower prior to January 1 of the exemption year.
- a. The applicant must be the surviving spouse of a person whose death occurred prior to January 1 of the exemption year, during United States military service, under conditions which are not dishonorable; and
  - b. Upon initial application the applicant must have been a resident of the State of Alaska for the entire year prior to the exemption year; and
  - c. In each subsequent year the property must be owned and occupied as the primary residence and permanent place of abode for at least 185 days prior to January 1 of the exemption year.
  - d. This exemption shall expire as of January 1 of the year following the date of subsequent marriage.
- F. *Administrative review of denial of exemption.*
1. If an application for exemption under this section 12.15.015 is denied, the assessor or designee shall state the reason for the denial in written notice to the owner of record.
  2. A denial by the designee is subject to administrative review by the assessor if written request from the owner of record is received by the assessor no later than 30 days after the denial.
  3. Only an owner of record may request administrative review of the denial of an exemption.
  4. For purposes of computing time, the date of mailing the written notice shall be deemed the date of the denial and the government postmark date shall be deemed the date of receipt by the assessor of the request for administrative review.
- G. *Judicial appeal of denial of exemption.*
1. Only the owner of record may appeal a decision by the assessor to deny an exemption under this section to the Superior Court, Third Judicial District, Alaska.
  2. An appeal of the assessor's denial of an application for exemption under this section 12.15.015 must be filed with the Superior Court within 30 days of the assessor's denial.

3. For purposes of computing time, the date of mailing by the assessor, as shown by the U.S. Postal Service postmark, shall be deemed the date of the assessor's denial.

(AO No. 86-211(S-1); AO No. 88-158; AO No. 92-56; AO No. 94-228(S-2), § 1, 2-7-95; AO No. 95-199, § 1, 1-1-96; AO No. 97-146, § 1, 1-1-98; AO No. 2003-149, § 1, 11-4-03; AO No. 2008-18, § 1, 2-12-08; AO No. 2009-133(S-1), § 2, 1-12-10; AO No. 2011-16, § 2, 2-1-11; AO No. 2011-37(S), § 1, 4-12-11; AO No. 2011-108(S), § 1, 11-22-11, retro eff. 1-1-10; AO No. 2012-1, § 2, 4-3-12)

**Editor's note—**

Section 4 of AO No. 2012-1 states with certification of voter approval in the regular election of April 3, 2012, the ballot proposition and section 2 of this ordinance shall become effective as of January 1 of the next year immediately following authorization under state law, or January 1 of the first year the municipality is authorized by the Alaska State Legislature to grant the exemption, whichever occurs later. Unless the language of the exemption as set out in section 2 requires amendment to conform to state authorization, no further action by the assembly is required to implement the exemption.

**State law reference—** AS 29.45.050(b)(A); AS 29.45.030(e).