



Farm Use Assessment (AS 29.45.060)

Title 29 of the State of Alaska grants a deferment of taxes to qualifying "Farm Use Land" as specified by AS 29.45.060 of the statutes of the State of Alaska. Farm Use Land is defined by the statute as "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 qualify as 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." The Office of the State Assessor has examined the statute and determined that the following conditions apply:

- For those applicants who file income taxes by IRS Forms 1040, 1040NR, 1041 or 1065, a complete schedule F must be supplied to the assessor as well as a complete copy of the income tax return.
- Line E of the Schedule F must note that the applicant materially participated in the operation of the business.
- The gross income of the farm from lines 1c & line 2 of the Schedule F must be 10% or more than the applicant's gross income from the return (minus any adjustment for farm income or loss), plus lines 1c and line 2 of Schedule F.
- For businesses who file IRS Form 1120 or Form 1120S, a complete copy of this return shall be provided to the assessor.
- Forms 1120 & 1120S must note a Business Activity Code of 111100 to 112900.
- The reported income from sales of livestock, crops and dairy products must be at least 10% of line 1c of on Form 1120 or Form 1120 S.
- If the land is leased, the applicant shall provide a complete copy of the lease to the assessor, unless a current copy of the lease is already on file.
- Regardless of the form of business, the name on the tax return, application and the deed or lease of the land, shall match.
- Applications must be received prior to May 15th of the tax year.
- The assessor may require additional information needed to determine eligibility.
- Copies of all applications (allowed or not) shall be maintained by the local municipality and the state assessor.
- Provision of the items noted above does not constitute approval of the application by the assessor.

For reference purposes, a complete copy of AS 29.45.060 is provided on the following page.

Respectfully,

A handwritten signature in cursive script that reads "Ronald E. Brown".

Ronald E. Brown
State Assessor

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 shall, 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) 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.

(g) 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.

FARM USE ASSESSMENT APPLICATION - AS 29.45.060

Application must be filed before May 15 of the assessment year. Complete a separate form for each parcel for which the deferral is sought.			
Municipality		Account Number	
Name of Owner		Name of Lessee	
Mailing Address		Mailing Address	
City, State & Zip Code		City, State & Zip Code	
Telephone Number	E-mail Contact	Telephone Number	E-mail Contact
Parcel Number	City or Service Area	Ownership Verified: (Assessor or Clerk)	
Legal Description of Parcel:		<input type="checkbox"/> Owner of record <input type="checkbox"/> Land Leased (copy of lease provided)	
Describe the Farm Use of the Property (Dairy, Cattle, Corn, Hay, Barley, etc.):		Total Acreage:	
		Total Acreage Cleared:	
		Total Acreage in Prod:	
I hereby make application for Farm Use Assessment on the above described property for assessment year 20___. I also state that I am engaged in farming the above described parcel of land for profit and that my previous year's gross income from this land was _____% of my yearly adjusted gross income. I hereby submit information to document this income per 3 AAC 138.020 & 3 AAC 138.060. I have read the requirements for the application and understand that a willful misstatement is subject to punishment by fine or imprisonment under AS 11.56.210.			
Owner Signature:		Lessee Signature:	
Gross Income from livestock raised and sold from this property in the previous year			
Gross Income from crops grown and sold from this property in the previous year			
Gross Income from dairy products produced and sold from this property in the previous year			
INCOME VERIFICATION			
<input type="checkbox"/> Last Year's Income <input type="checkbox"/> Past Three Years (In the event of a crop failure by an act of God the previous year. <input type="checkbox"/> Estimated income this year. Notarized statement will be filed with the local assessor prior to February 1, next year. (No history of farm related income).			
<input type="checkbox"/> Income Verification documents submitted to local assessor			
<u>Income Documentation (Must include one of the following tax returns) :</u>			
<input type="checkbox"/> Form 1040 & Schedule F <input type="checkbox"/> Form 1040NR & Schedule F <input type="checkbox"/> Form 1041 & Schedule F <input type="checkbox"/> Form 1065 & Schedule F			
<input type="checkbox"/> Form 1120 (Sub-Chapter S Corporations)			
I the undersigned, hereby certify that I have read this application and the answers given are true and correct to the best of my knowledge. I understand that a willful misstatement is subject to punishment by fine or imprisonment under AS 11.56.210. In the event that the land is converted to a use incompatible with farm use, the owner shall be liable for the amount of tax deferred plus interest for the preceding seven years in accordance with AS 29.45.060(a). (Statutory citation on reverse side of form.)			
Signature of Owner		Date	
I, the undersigned, hereby certify that I have read this application and the answers given are true and correct to the best of my knowledge. I understand that willful misstatement is subject to punishment by fine or imprisonment under AS 11.56.210.			
Signature of Lessee		Date	

THIS SPACE FOR LOCAL ASSESSOR'S USE ONLY

Property	Full Value	Farm Value	Deferred	
Land				<input type="checkbox"/> APPROVED
Buildings			NONE	<input type="checkbox"/> DENIED
TOTAL				<input type="checkbox"/> Not dedicated or being used for non-farm purposes.
Mill Rate				Verified By:
AMOUNT OF TAX				Income Verified By:

Form 21-410 (Revised January 2016) Original to local Assessor

ALASKA STATUTES and ALASKA ADMINISTRATIVE CODE REFERENCES:

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3 AAC 138.020. Income Verification

(a) In addition to the application prescribed in 3 AAC 138.010, an applicant must establish before May 15 of the assessment year that the gross income attributed to farm-use land is at least 10 percent of the applicant's yearly gross income, by either

- (1) providing the clerk or assessor of the municipality proof of income eligibility as shown by income tax returns or other reasonably documented information which is determined by the local assessor to be sufficient proof of eligibility; or
- (2) providing the department with copies of signed federal income tax returns submitted to the Internal Revenue Service for the previous year.

(b) Failure to provide documentation as required by this section forfeits the claim for reimbursement for that assessment year.

3 AAC 138.060. Definitions

In this chapter:

- (1) "farm use assessment" means the value of the unit or parcel of property for which application for a farm use assessment and tax deferral is made, based upon its highest and best use as farm or agricultural land;
- (2) "yearly gross income" means the income of the applicant for the year preceding the tax year for which the application is filed and means the adjusted gross income of the applicant as defined in Section 62 of the Internal Revenue Code (26 U.S.C. 62).