

FNSB Assessing Department Policies, Procedures, Standards & Qualifications for Senior Citizen, Widow/Widower & Disabled Veteran State Exemptions

The following information is extracted from the Alaska Association of Assessing Officers (A.A.A.O) Standard on Procedural Issues for the Application of the Senior Citizen, Disabled Veteran & Widow/Widower Property Tax Exemption Programs.

The following standards apply only to the Property Tax Exemption Authorized by A.S. 29.45.030(e)

This information is used for procedural and informational purposes and complies also as shown below, with Alaska Statute 29.45.030 & FNSB Code 8.04.010, 8.04.060, 8.04.170 & 8.04.040.

I've been out of the state for some time, do I still qualify for a State Exemption?

STANDARD 1.(a)

In order to continue to be eligible for the Senior Citizen/Disabled Veteran property tax exemption program, applicants must occupy, as the primary residence and permanent place of abode, the property for at least 185 days per calendar year within the State of Alaska after the first year application period. Failure to maintain the required residency in the prior calendar year will be cause for the denial of the individual's application for the program for the current year. Absences from the state for more than 185 days per year will not disqualify the individual for the tax exemption program if they are for the following reasons:

- (1) pursuit of a formal course of study under the supervision of an established primary or secondary school, college, university, vocational school, or professional school, or performance of an internship or residency necessary to establish a professional specialty, if the person returned to Alaska within 60 days after completion of their course of study, internship, or residency;
- (2) medical treatment upon the recommendation of a licensed Physician or Psychologist if
 - (a) the absence did not include a permanent change of residence; and
 - (b) the person returned to Alaska within 60 days after completion of the treatment and any recommended convalescence period;
- (3) service in the United States Army, Navy , Air Force, Marines, or Coast Guard, or the Alaska National Guard or Naval Militia, if the person
 - (a) enlisted or was drafted while a resident of Alaska; and
 - (b) returned to Alaska within 60 days after discharge, retirement, or completion of the out-of-state duty;
- (4) employment by the State of Alaska in a location outside of the state if the person returned to Alaska within 60 days after termination of that employment;
- (5) service in the U.S. Congress as a representative or senator for the State of Alaska, or service on the staff of such a representative or senator, if the person returned to Alaska within 60 days after the service ended;
- (6) service as a presidential appointee as a cabinet member or as an Ambassador, or service on the staff of such an appointee, if the person returned to Alaska within 60 days after the service ended;
- (7) confinement in an out-of-state correctional institution by order of a court, if the person
 - (a) was a resident of Alaska before the confinement began; and
 - (b) returned to Alaska within 60 days after release from the institution;
- (8) medical necessity of a non-resident spouse, parent, dependent, or sibling required the applicant to be out of the state to provide care for the parent, spouse, dependent, or sibling, if the applicant
 - (a) was a resident of Alaska when the medical necessity arose; and
 - (b) returned to Alaska within 60 days after the medical necessity ended;
- (9) family necessity required the applicant, whose relationship with another state resident was that of a parent, spouse, dependent, or sibling, to accompany that individual who was absent for reasons allowed by (1), (8) and (10) of this subsection, if the applicant
 - (a) was a resident of Alaska when the necessity to accompany the absent individual arose; and
 - (b) returned to Alaska within 60 days after the end of the family necessity;
- (10) admission to a licensed long-term care facility outside Alaska upon the recommendation of a licensed physician issued no later than the date of departure from Alaska, if the applicant
 - (a) continuously maintained residency in Alaska while temporarily absent from the state; and
 - (b) returned to Alaska within 60 days after discharge from a licensed long- term care facility.

How do multiple owners on the property affect my exemption amount?

II. Partial Property Ownership by Program Participants

STANDARD 1.(b)

The standard for the determination of the exemption when partial property ownership exists is that the exemption is equal to only the percent of property ownership of the eligible applicant. The first exception to this standard is when an eligible applicant and his or her spouse own the same permanent place of abode; the exemption applies to the entire value of the property irrespective of that percentage of ownership of the applicant. The second exception to this standard occurs when the ownership of the property is shared with individuals who are eligible for the exemption program and also occupy the property as their primary residence and permanent place of abode. The exemption applies to the entire value, subject to statutory limitations.

STANDARD 1.(b) example:

If an applicant owns an undivided one-half interest, that is, John Doe and Jerry Public both are shown on the deed as owners, and John Doe is the applicant, the property will receive an exemption of 50% of the assessed value, up to \$150,000. However, if Jerry Public also meets the necessary criteria for eligibility, the property should receive an exemption of 100% of the assessed value, up to \$150,000.

III. Multiple Ownership within a Multiple Unit Property

There are instances when individuals who are eligible for the property tax exemption program find themselves partial owners of multiple units of residential property, such as a duplex, triplex, etc.

They share the ownership with others who sometimes, are also individuals who are eligible for the exemption. The statutes, however, limit the number of exemptions to one for the same property. Past practice has been to limit the exemption to the percentage of ownership of one of the eligible applicants and only allow one exemption per property. This practice usually does not allow the entire exemption limitation, \$150,000 to be met and fails, in our opinion, to meet the intent of the law.

Therefore, the following STANDARD 1(c) applies and explained below:

STANDARD 1.(c)

If the ownership and occupancy of a multiple unit property is shared by persons who are eligible for the exemption program, the assessor may accept only one application for the property and exempt the property up to the maximum exemption of \$150,000. If only one unit of the property is occupied by an eligible individual, an exemption proration will occur based upon the ownership percentage or actual occupancy percentage, if it is greater than the ownership percentage.

STANDARD 1.(c) example:

For example, if two eligible individuals own and occupy a duplex, each in a separate unit, with an assessed value of \$150,000, the entire amount (up to the statutory limitation) will be exempted. If, however, only one individual is eligible for the program, the exemption will be prorated on his/her percent of ownership (Standard 1.(a)) or, if the percent of ownership and percent of actual occupancy differ, the percent of occupancy. For example, if the eligible individual owns 50% of the property but his unit (occupancy) actually consists of 75% of the property, then the exemption will be 75% or, \$112,500. However, the exemption will still be subject to the statutory limitation of \$150,000. If an eligible applicant owns 50% of a four-plex and occupies one of the units, his/her exemption percentage will be 25%, assuming all four units are approximately equal in size.

I own more than one parcel, can I have more than one State Exemption?

IV. Multiple Parcel Ownership

In many instances, participants in the homeowner’s exemption program own more than one parcel of property and want to claim that as part of the residence so the exemption will also attach to those properties. And, in many cases, it is proper to include those properties in the exemption program. There have been instances where an owner of a large tract of land has subdivided the property into many small lots and expects to keep those lots exempted until they have been sold. The statutes are silent to the number of parcels an individual may have in the program, however, the existing regulations do attempt to address this issue. Eligibility in chapter 19 AAC 35.085 of the regulations currently read, in part:

- (D) The real property eligible for reimbursement under this chapter includes only a
 - (1) primary parcel: the entire parcel of real property owned and occupied by an applicant as a permanent place of abode; and
 - (2) subsidiary parcel: a parcel of real property adjacent to the primary parcel described under (1) of this subsection, subject to approval by the department.

Within Definitions in chapter 19 AAC 35.120 of the regulations permanent place of abode is defined as:

(4) "permanent place of abode" means a dwelling, or a dwelling unit in a multiple dwelling, including lots and outbuildings, or an appropriate portion thereof, which is necessary to convenient use of the dwelling unit;

The two cites actually work hand in hand with each other. The definition includes not only the lot where the dwelling is located, but also other lots which are necessary for the convenient use of the dwelling. This would include such uses as a well or septic system, garage, perhaps a barn or green house, etc. The eligibility (reimbursement) site allows for reimbursement of the dwelling parcel and a parcel adjacent to the dwelling which needs to be approved by the department. The approval should hinge on the necessity of the subsidiary parcel for convenient use of the primary parcel.

There are instances when a residential improvement has been built across two lots, or even as many as three lots, if they are smaller lots. It should not matter the number of lots or parcels which are exempted, what should be the primary factor of whether or not the lots should be included in the exemption is the use of the property. If lots or parcels are necessary for the convenient use of the dwelling unit, then they should be included in the exemption, up to the limit of \$150,000.

STANDARD 1.(d)

The total number of parcels included in the exemption amount will not be limited by any given number other than the \$150,000 limit placed upon the assessed value.

However, parcels will only be included in the exempted amount if they are adjacent to, integrally related to, and deemed necessary for the convenient use of the primary dwelling unit parcel. These uses include, but are not limited to, multiple lots under the dwelling structure, well and septic use, garage, shops or out buildings (for private use), greenhouses, gardens and airplane hangars. Parcels which have been separated from the primary parcel without the owner's initiation, for example, involuntary splitting of the property by roads or map pages shall not constitute a separate parcel for purposes of this exemption.

VI. Exemption Date

As with all other exemption determinations, the determination of the senior citizen/disabled veteran exemption must be made as of a date certain. However, in order for the exemption to attach, certain criteria must be met before that date. **The criterion which must be met includes age, ownership, residency, all which should be verified prior to January 1, of the assessment year for which the exemption is sought.**

STANDARD 1.(e)

The date for determination of eligibility for the senior citizen/disabled veteran property tax exemption program is January 1, of the assessment year for which the exemption is sought. In order for a senior citizen to participate in the program, they must attain the age of 65 prior to January 1. A disabled veteran must be certified as being at least 50% disabled prior to January 1, and both the senior and veteran must own and occupy the property as their residence prior to January 1 of the assessment year. *(See Standard 1.(a) for residency requirements)*

I operate a business out of my home or I have a rental unit(s), how does this affect my exemption?

VII. Partial Non-Exempt Use

There are times when a senior citizen or disabled veteran will use their exempt property for a use which is not the same as their permanent residence. Examples of this are uses for a commercial or rental activity, such as an office, commercial shop space or rental or a portion of the property. If the entire property is rented for any of these purposes, the exemption does not attach. But, if only a portion of the property is rented, the matter needs to be addressed somewhat differently.

To be consistent throughout the state, the following standard requires that the use and portion of property being used for non-exempt purposes be determined first. The exemption can then be applied to the portion of the property which is being used for an exempt purpose, up to the maximum \$150,000. For example, if 1/3 of a \$300,000 property is used for non-exempt purpose, the exemption will attach to only the remainder value of the property, i.e., \$200,000, for a total \$150,000 exemption. By the same reasoning, if ¼ of a \$160,000 property is used for non-exempt purposes, the exemption can only apply to the remaining \$120,000.

STANDARD 1.(f) example:

The percentage use of a property must first be determined in order to calculate the eligible exemption. For example, if a portion of a property is rented out, the portion used as a rental must first be determined and a use percentage calculated. If the use is calculated at, say 27% then the remainder of the property may be exempted, up to the maximum of \$150,000. If the total property value were, say \$205,000 the non-exempt portion of the property is valued at \$55,350 ($205,000 \times .27$). The remainder value of the property, \$149,650 ($\$205,000 - \$55,350$) would be eligible for the exemption. The percentage (27%) is NOT multiplied by the mandated exemption amount (\$150,000). The appropriate value of the property which is used for the exempt purpose (\$149,650) has the exemption attach, up to the maximum amount.

STATE OF ALASKA STATUTE Sec. 29.45.030 Required Exemptions

(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 meet requirements under one of the following paragraphs:

(1) the individual shall be eligible for a permanent fund dividend under AS [43.23.005](#) for that same year or for the immediately preceding year; or

(2) if the individual has not applied or does not apply for one or both of the permanent fund dividends, the individual would have been eligible for one of the permanent fund dividends identified in (1) of this subsection 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.

Fairbanks North Star Borough Code of Ordinances

As applicable to the Senior Citizen, Widow/Widower, Disabled Veteran & Irving Hernandez Property Tax Exemption Program(s) 8.04.010 DEFINITIONS

A. For purposes of this chapter and Chapters [8.04](#) through [8.28](#) & [19.16](#) FNSBC, the following terms shall be defined to mean:

“Disabled veteran” means a person who is before January 1st of the exemption year:

1. 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 Veteran Affairs;
or
2. 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.

“Own and occupy” means:

1. Possession of an interest in real property, which is recorded in the office of the district recorder, or, if unrecorded, is attested by contract, bill of sale, deed of trust, or other proof in a form satisfactory to the assessor; and
2. Living on that real property as one's primary residence.

“Permanent place of abode” means a dwelling in which the person resides and when absent, the dwelling is not leased or rented to another. This includes but is not limited to a mobile home or condominium and includes lots or outbuildings, or an appropriate portion thereof, which are necessary to convenient use of the dwelling unit.

“Resident” means an applicant 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.

“Senior citizen” means one who is 65 or older before January 1st of the exemption year.

8.04.060 REAL PROPERTY EXEMPTED FROM TAXATION

The following property is exempt from general taxation:

F. The real property owned and occupied as a permanent place of abode by a resident 65 years of age or over, a disabled veteran, or a resident of at least 60 years old who is the widow or widower of a resident 65 years of age or over or a disabled veteran, as provided by AS 29.45 and this subsection.

1. A qualified senior citizen or disabled veteran who is owner of record shall sign a senior citizen/disabled veteran real property tax exemption application as developed by the borough assessor and file it with the borough assessor prior to April 1st of the tax year. A qualified senior citizen or disabled veteran need not file such an application for successive tax years if there is no change in ownership, no change in permanent place of abode by the owner of record, or no change in status of disability if the owner is a disabled veteran;
2. If the property is occupied by a person other than the eligible applicant and his or her spouse and minor children, an exemption applies only to the portion of the property permanently occupied by the eligible applicant and his or her spouse and minor children as a permanent place of abode;
3. It shall be the responsibility of every person who obtains an exemption under this section to notify the borough assessor of any change in the ownership, residency, permanent place of abode or status of disability. A disabled veteran who has less than a permanent disability must submit an official disability percentage letter each year prior to April 1st showing a 50 percent or greater disability (unless there is a determination that the taxpayer was unable to comply);

4. If a qualified disabled veteran timely applies for an exemption that is otherwise complete except for a determination of disability status from the armed forces or the U.S. Department of Veterans Affairs, the assessor may, upon written request submitted with the application, extend the time for submittal of the determination of disability status to March 31st of the next year. While the application is pending the applicant must timely pay all taxes levied; however, the applicant shall receive a refund of taxes paid if the assessor receives the determination of disability status and approves the exemption.

8.16.010 APPEAL

A. Right to Appeal

3. Senior Citizen or Disabled Veteran Exemption. An applicant aggrieved by any determination of the assessor regarding a senior citizen or disabled veteran property tax exemption may appeal to the Board of Equalization.
 - (a) Appeal Deadline. Unless there is a determination that the taxpayer was unable to comply, an applicant contesting a determination of the assessor regarding a senior citizen or disabled veteran property tax exemption shall, no later than 10 days after the date of mailing of the assessor's decision, submit to the assessor a written appeal specifying grounds in the form that the board of equalization may require.
 - (b) Unable to Comply determination. A person who missed the senior citizen or disabled veteran exemption application deadline may request a deadline extension from the assessor by demonstrating inability to comply with the deadline. The extension request affidavit and the exemption application must be filed with the assessor prior to May 1st of the year for which the exemption is sought.
 - (i) If the extension request is granted for the exemption application deadline, the assessor shall accept the application as if timely filed.
 - (ii) If the extension request is denied for the exemption application deadline, the applicant may appeal the decision to the assembly by filing a notice of appeal with the clerk within 10 working days of the date of the assessor's decision.

B. Unable to Comply determinations. For purposes of this chapter, "unable to comply" or "inability to comply" means that the failure to timely appeal was based upon a serious medical or other similar serious condition or event beyond the taxpayer's control. A failure to pick up or read mail, or to make arrangements for an appropriate and responsible person to pick up or read mail, or a failure to timely provide a current address to the office of the borough assessor, will not be deemed to result in an inability to comply and the appeal will not be accepted for that tax year.

1. All assertions of inability to comply must be filed by an affidavit and supporting documentation, if any, setting forth the reasons why the applicant or appellant was unable to file by the deadline.
2. The assessor shall supply to the appropriate decision maker all relevant information and documents including the affidavit and supporting documents submitted by the applicant or appellant and any documents specifically requested by the decision maker. The decision maker shall consider the extension request only on the submitted documents and shall not consider evidence regarding property valuation or exemption.
3. The authority provided in this chapter to grant extensions may not be exercised so as to permit acceptance of an application or appeal other than for the current year.

C. Notice of Hearing. The assessor for a Board of Equalization hearing or the clerk for a hearing before the assembly shall notify an appellant and the property owner by mail of the time and place of hearing. The notices shall be mailed not later than 10 calendar days before the date of the hearing. Exemption appeals shall follow the procedures provided in FNSBC 4.04.150(B). (De novo hearings involving an appeal from an administrative determination.)

Revised 8/17/2016