

Department of Commerce, Community, and Economic
Development
DIVISION OF COMMUNITY AND REGIONAL
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LOCAL GOVERNMENT ONLINE (LOGON)

Taxation & Assessment

Property Tax Exemptions in Alaska

▼ Introduction

Alaska has two kinds of property tax exemptions. These are 1) exemptions that are required by law, and 2) optional exemptions that a taxing authority may authorize. All municipalities must grant exemptions that are required or mandated by state law. Optional exemptions will vary depending on whether and what kind of additional exemptions the taxing authority has enacted. A review of the department's publication, "Alaska Taxable" will show the optional exemptions, but it is a good idea to contact the local assessor's office (see "Directory of Tax Jurisdictions") for an up-to-date listing of those exemptions that may be available in each municipality.

▼ Narrative

In general, taxation is more common than exemptions. In order for property to be exempt from taxes, the law must specifically exempt it.

The State of Alaska Constitution, Article IX, Section 4, provides that, subject to conditions and exceptions provided by law, property of the state and its political subdivisions and property used for nonprofit, religious, charitable, cemetery, or educational purposes is exempt from taxation and provides that other exemptions may be granted by law. In addition to those listed above, AS 29.45.030 provides for additional mandatory exemptions, which are spelled out in statute.

AS 29.45.050 identifies optional exemptions that, if the taxing authority chooses to adopt, must be enacted by ordinance and/or ratified through an election.

All property owned by a non-profit is not necessarily exempt from taxes. Being owned by a non-profit organization is only one of the criteria that must be met. In Alaska, as with many other states, it is the use of the property that determines whether it is exempt. Contact the

local assessor's office (see "Directory of Tax Jurisdictions") to find out whether a particular use of property is exempt.

▼ Frequently Asked Questions

Are there tax exemptions available for residential property owners?

Yes, there are some mandatory exemptions and some optional exemptions. These exemptions, however, apply only to certain properties. Under AS 29.45.030(e), there is a mandatory exemption up to the first \$150,000 of assessed value for the primary residence of a senior citizen, age 65 years and older, or a disabled veteran with a service connected disability of 50% or more. This exemption must be applied for by a deadline enacted at the local level. (A municipality may waive timely filing for good cause.) All municipalities are required to grant this exemption.

AS 29.45.050 identifies an extensive list of optional exemptions a municipality may enact, including but not limited to, up to \$50,000 of a primary residence and provides the option of increasing the senior citizen/disabled veteran exemption in excess of the first \$150,000. Contact the local assessors' office (see "Directory of Tax Jurisdictions") to find out what exemptions are available in the particular municipality. The local assessor's office should have application forms available to apply for exemptions.

Is there a tax exemption available for the disabled?

The only tax exemption available under state law for a disability is the disabled veteran tax exemption. However, the Kenai Peninsula Borough has authorized an exemption for the disabled which has been grandfathered in place.

Is personal property taxable in Alaska?

Yes, personal property is taxable in Alaska; however, state law does allow municipalities to either partially or totally exempt all or different categories of personal property (AS 29.45.050(b)(2).) Check with the local assessor's office to find out if personal property is assessed and if there are any exemptions.

Is property of a "non-profit" organization exempt from property taxes?

No. Non-profit organizations are not exempt simply because they may be non-profit. Property owned by a "non-profit" organization has to be used for specific purposes in order to be exempt, and the statutes are very clear on what those uses are. The uses are exclusively for non-profit charitable, religious, cemetery, hospital, or educational purposes (AS 29.45.030(a).)

Is city or state property still exempt from taxes if it is put to private use?

No, in most cases it is not. Article IX, Section 5 of the State Constitution and AS 29.45.030 state that these private uses are taxable, with certain exceptions, and to "the extent of that interest." An example of taxable property would be a lease on public land to an individual or entity. This leasehold interest would be taxable regardless of the amount of the lease payment and without regard to whether the lease payment was considered to be market at lease rates.

Can a church have more than one church residence (parsonage) exempt from property taxes within the same municipality?

Yes. AS 29.45.030(b) lists the property used for religious purposes that is exempt from taxation. These exemptions were addressed by the Alaska Supreme Court, which has ruled that ".The wording of paragraph (b)(1) allows a single parish to contain more than one exempt residence." (City of Nome v. Catholic Bishop, 707 P2d. 870 (Alaska 1985).)

If an exempt property is used partly for a non-exempt purpose, does the property lose its entire exemption?

No. Only that portion that is used for a non-exempt purpose will be taxable. The remainder of the property that is used for an exempt purpose will stay exempt.

▼ Applicable Laws and Regulations

Alaska Constitution

- Article IX, Section 1 Taxing power, prohibitions.
- Article IX, Section 2 Non-discrimination in tax rate.
- Article IX, Section 3 Assessment standards, prescribed by law.
- Article IX, Section 4 Exemptions, authority to prescribe additional exemptions by law.
- Article IX, Section 5 Government property, taxability of private use of otherwise exempt property.
- Article X, Section 2 Dedication of taxing powers to boroughs and cities only.

Alaska Statutes

- AS 29.10.200 Limitation on home rule powers, taxation, assessment, collections, exemptions.
- AS 29.25.010 Acts required to be by ordinance, levy taxes, establish penalty.
- AS 29.45.010 Authority to levy a property tax, areawide, nonareawide, service area, home rule, first class second class.
- AS 29.45.020 Taxpayer notice, format, delivery.
- AS 29.45.030 Taxable property and mandatory exemptions, application for exemption, ordinance establishing procedures and deadlines, waiver for late application, state reimbursement for exemptions, definitions.
- AS 29.45.040 Property tax equivalency payments, application process.

- AS 29.45.046 River habitat protection credit, eligibility, calculation method, exemptions.
- AS 29.45.050 Optional exemptions, ordinance ratification, mandatory cap on exemptions, home-rule provisions.
- AS 29.45.055 Levy of flat tax on personal property exempted from ad valorem tax.
- AS 29.45.060 Farm or agricultural land.
- AS 29.45.062 Land subject to a conversation easement.
- AS 29.45.065 Assessment of private airports open for public use.
- AS 29.45.070-.070 Mobile homes, classification.
- AS 29.45.080 Tax on oil and gas production and pipeline property, DOR valuation.
- AS 29.45.090 Tax Limitation and mill rate equity.
- AS 29.45.100 No limitation to pay for bonds.
- AS 29.45.103 Taxation records, availability.
- AS 29.45.105 Errors in taxation procedures, state assessor notice, appeal.
- AS 29.45.110 Full and true value, assessment date, low income housing credit valuation and exemption.
- AS 29.45.120 Returns.
- AS 29.45.130 Independent investigations.
- AS 29.45.140 Violations; authorization to prescribe penalties by ordinance.
- AS 29.45.150 Reevaluation.
- AS 29.45.160 Assessment roll.
- AS 29.45.170 Assessment notice.
- AS 29.45.180 Corrections.
- AS 29.45.190 Appeal.
- AS 29.45.200 Board of Equalization.
- AS 29.45.210 Hearing.
- AS 29.45.220 Supplementary assessment rolls.
- AS 29.45.230 Tax adjustments on property affected by a natural disaster.
- AS 29.45.240 Establishment of levy and determination of rate.
- AS 29.45.250 Rates of penalty and interest.
- AS 29.45.550 Cities outside boroughs.
- AS 29.45.560 Cities inside boroughs.
- AS 29.45.580 Differential tax zones.
- AS 29.45.590 Limited property taxing power for second class cities.
- AS 29.45.600 Combining property tax with incorporation of a second class city.
- AS 29.60.010 State revenue sharing tax equalization formula.
- AS 29.60.080 Definitions.
- AS 43.56.010 Levy of municipal tax on oil and gas exploration, production, and pipeline property, limitation on tax assessment rate.
- AS 43.56.020 Exemptions on levy of municipal tax on oil and gas exploration, production, and pipeline property.
- AS 43.56.030 Tax in lieu of.
- AS 43.56.040 State assessment review board.
- AS 43.56.060 Commerce assessment of oil and gas and pipeline property subject to taxation.
- AS 43.82.210 Payment in lieu of taxes on stranded gas development projects.

Alaska Administrative Code

- 3 AAC 131.010-.020 Certification and notification of population for oil & gas property tax limitations, alternate population determination methods.
- 3 AAC 131.030 Definitions.
- 3 AAC 135.010-.085 Senior citizen and disabled veteran exemptions, method of application and forms, deadlines and calculations, eligibility of spouse.
- 3 AAC 135.095 Effect of exemption on other legal encumbrances.
- 3 AAC 135.110 Appeal.
- 3 AAC 135.120 Definitions.
- 3 AAC 136.010-.045 Senior citizen and disabled veteran property tax equivalency payment forms, rent verification, eligibility, eligible costs, age verification, veteran's disability verification, computation of payment.
- 3 AAC 136.060 Definitions.
- 3 AAC 138.010 - 020 Farm and agricultural land assessment and deferment application forms, income verification.
- 3 AAC 138.030 Appeal.
- 3 AAC 138.040-.050 Municipal maintenance of agricultural land records, confidentiality.
- 3 AAC 138.060 Definitions.
- 3 AAC 139.010 State assessor review of written complaint, review of municipal records.
- 3 AAC 139.020 State assessor notification of error.
- 3 AAC 139.030 Appeal of state assessor's determination.
- 3 AAC 139.900 Definitions.
- 15 AAC 56.015-.045 Standing to appeal, appeal to state, appeal to assessment review board, assessment review board hearing, supplementary assessments.
- 15 AAC 56.050-.065 Credit and refund of oil & gas property tax, payment due date.
- 15 AAC 56.070 Average per capita full and true value determination and notification.
- 15 AAC 56.075-.110 Taxable oil & gas property, exploration, production, pipeline property.
- 15 AAC 56.120 Intangible drilling expenses.
- 15 AAC 56.130 Preservation of municipal powers.

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Mission Statement

Promote strong communities and healthy economies.

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