

AS 29.45.050

(t) A municipality may by ordinance partially or totally exempt from taxation farm land and farm structures used exclusively for farming activity, or purposes directly related to farming activity, if the farm land or farm structure meets the criteria set out in this subsection. The farm land or farm structure must be owned or leased by a person that is actively engaged in farming, and the owner or lessee must sell at least \$2,500 of agricultural products produced from the land during the tax year and file an Internal Revenue Service Schedule F (Form 1040) with the United States Internal Revenue Service. The farm land or farm structure must be used for

(1) the growing, storage, or processing of grains, fruits, vegetables, aquatic farm products as defined in AS 16.40.199, or other crops specified by ordinance and produced by the owner's or lessee's farming activity;

(2) the storage or processing of

(A) feed for livestock;

(B) livestock, poultry, or other animals used in the owner's or lessee's farming activity;

(C) milk or milk products produced by the owner's or lessee's farming activity; or

(3) sheltering, stabling, or milking the owner's or lessee's dairy animals, poultry, or livestock.

2025 Alaska Statutes

Title 29. Municipal Government

Chapter 45. Municipal Taxation

Article 1. Municipal Property Tax.

**Sec. 29.45.050. Optional exemptions
and exclusions**

CODE ORDINANCE

Sponsored by:

Introduced:

Public Hearing: *(if applicable)*

Action:

**MATANUSKA-SUSITNA BOROUGH
RESOLUTION SERIAL NO. 26-XXX**

**A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH AGRICULTURE
ADVISORY BOARD RECOMMENDING SUPPORT FOR ORDINANCE SERIAL NO.
26-XXX AMENDING MSB TITLE 23 (REAL PROPERTY) TO ADD A NEW
CHAPTER AUTHORIZING LIMITED SUBDIVISION OF AGRICULTURAL UNITS
INTO UP TO THREE PARCELS SMALLER THAN 40 ACRES, WITH A MINIMUM
PARCEL SIZE OF 10 ACRES; PROVIDING STANDARDS, PROCEDURES, AND
ENFORCEMENT.**

WHEREAS, MSB Title 23 directs the Borough to exemplify good land stewardship, maximize agricultural productivity on suitable soils, and manage Borough real property interests using sound real property management principles; and

WHEREAS, overall agricultural production of Borough agricultural program parcels has declined over time, land in existing Borough agricultural programs is limited or unavailable to new farming, often lying fallow or uncleared, and interest in smaller farming operations has been demonstrated; and

WHEREAS, the proposed ordinance would authorize the subdivision of Agricultural Units of at least 40 acres to subdivide into a maximum of four separate parcels, none smaller

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than 10 acres; and to request by application to sell such parcels separate from the farm unit to encourage and improve agricultural operational viability, support landowner access to financing and investment, and enable smaller land parcels to be made available for new farming ventures;

WHEREAS, the ordinance establishes standards and procedures to ensure that any subdivision maintains agricultural use in perpetuity, avoids unnecessary fragmentation of productive fields, and integrates with existing platting standards under MSB Title 43; and

WHEREAS, the Agriculture Advisory Board finds that the proposed new MSB Chapter 23.35 appropriately balances flexibility for agricultural landowners with the Borough's long-standing agricultural covenant protections; and

WHEREAS, the Agriculture Advisory Board recognizes that this amendment aligns with Borough goals to expand agricultural opportunity, preserve farmland, and promote long-term agricultural productivity.

NOW, THEREFORE, BE IT RESOLVED that the Matanuska-Susitna Borough Agriculture Advisory Board hereby recommends that the Assembly adopt Ordinance Serial No. 26-XXX as drafted.

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BE IT FURTHER RESOLVED that the Agriculture Advisory Board supports continued development of administrative guidance and covenant amendment templates necessary to implement MSB Chapter 23.35 effectively.

ADOPTED by the Matanuska-Susitna Borough Agriculture Advisory Board this ___ day of _____, 2026.

Chair, Agriculture Advisory Board

ATTEST:

Borough Clerk

(SEAL)

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Matanuska-Susitna Borough



MEMORANDUM

TO: Agriculture Advisory Board Members

FROM: Suzanne Reilly, Asset Manager

DATE: March 18, 2026

RE: **DRAFT FOR DISCUSSION - Title 23 – Proposed Sub-40 Ag Option**

The following language is presented to the AAB members to begin drafting language for a new Title 23 agricultural option to allow the limited subdivision of ag parcels to a minimum of 10-acres.

MSB 23.35 – AGRICULTURAL UNITS – LIMITED SUBDIVISION PROGRAM

1. 23.35.010 Purpose and Intent
2. 23.35.020 Definitions
3. 23.35.030 Applicability
4. 23.35.040 Authorization and Limitations
5. 23.35.050 Application and Review
6. 23.35.060 Approval Criteria
7. 23.35.070 Conditions of Approval and Recordation
8. 23.35.080 Enforcement
9. 23.35.090 Conforming Amendments and Guidance

23.35.010 Purpose and Intent.

(A) To authorize the subdivision of a recorded Agricultural Unit subject to a Borough agricultural program with covenants

into parcels smaller than 40 acres, creating no more than four total parcels, provided each parcel is at least 10.00 acres; while maintaining agricultural use in perpetuity and aligning with Borough land management objectives. This is an optional program.

(B) This chapter supplements the Borough's agricultural covenants and procedures and shall be applied in coordination with Title 43 subdivision requirements.

23.35.020 Definitions.

(A) "Agricultural Unit" or "Farm Unit" means a parcel encumbered by Borough agricultural covenants recorded under Title 23 that designate the land for agricultural purposes, including improvement site provisions and subdivision limitations. [See current Title 23 Agricultural Covenants model.]

(B) "Sub-40 Subdivision" means a subdivision authorized by this chapter that creates up to three parcels smaller than 40 acres, each not less than 10 acres, together with a remainder parcel, for a total of no more than four parcels within the original Agricultural Unit or Farm Sub-Unit;

(C) "Improvement Site" has the meaning set out in the Borough's Title 23 agricultural covenants (primary and ancillary areas used for headquarters, residence, and related non-field improvements).

23.35.030 Applicability.

(A) This chapter applies to Agricultural Units encumbered by Borough agricultural covenants under Title 23, including units converted from former Title 13 agricultural rights to fee simple with covenants under the Borough's Land & Resource Management Policy and Procedures Manual (PPM) Part 5.

(B) If a recorded covenant expressly prohibits subdivision below 40 acres, approval of a Sub40 Subdivision requires a concurrent covenant amendment recorded with the final plat, as provided in MSB 23.35.070

23.35.040 Authorization and Limitations.

(A) Number, size, and total parcels. An Agricultural Unit under this chapter may be subdivided to include up to four parcels of 10.00 acres or greater. The cumulative number of parcels created below 40 acres under this section shall not exceed four per original Agricultural Unit.

(B) Title 43 compliance. All plats must comply with Title 43, including but not limited to legal and physical access, roadway dedication/construction standards, and lot design requirements, and the Subdivision Construction Manual. [Cross-ref.: MSB 43.20 and SCM.]

(C) Improvement sites. Each created parcel remains limited to the total improvement site acreage allowed by the agricultural covenants (up to five (5) acres per 40-acre parcel, or 10 percent of total sub-40 parcel acreage), and all non-field improvements

must be located within designated improvement sites identified on the plat and in the recorded covenant amendment.

(C) Improvement sites. Each parcel, including any remainder parcel, is limited by the improvement site acreage and placement requirements in the applicable agricultural covenants. Designated improvement sites on all Sub40 parcels are limited to 10 percent of the parcel acreage, to be situated to maximize agricultural potential and legal access. All non-field improvements must be located within designated improvement sites as identified on the plat and in the recorded covenant amendment.

(D) Agricultural use preserved. All parcels, including any remainder parcel, remain subject to the agricultural covenants requiring agricultural use in perpetuity and prohibiting non-agricultural development except as expressly allowed within designated improvement sites and covenant allowances.

(E) Minimum parcel size preserved. No parcel created under this chapter, including any remainder parcel, may be further subdivided to create any parcel smaller than 10.00 acres unless and until this chapter is amended to authorize such subdivision.

(F) Remainder parcel. For purposes of this chapter, "remainder parcel" means the portion of the original Agricultural Unit that remains after the creation of up to three sub-40-acre parcels under this section. The remainder parcel remains subject to all applicable agricultural covenants and this chapter.

(G) Net agricultural function. The plat shall be configured to avoid fragmentation of prime production fields to the maximum extent practicable, using shared access, consolidated improvement sites, and logical field boundaries.

23.35.050 Application and Review.

(A) Pre-application. Applicants shall complete the Platting Division pre-application process and confer with the Land & Resource Management Division to confirm covenant status and required submittals.

(B) Submittal requirements include: (1) proposed preliminary plat; (2) covenant status report and draft covenant amendment language conforming to this chapter; (3) improvement site map; (4) access and infrastructure concept compliant with Title 43 standards; and (5) an agricultural operations statement explaining how the proposed configuration sustains farm viability across the resulting parcels.

(C) Processing. Applications are processed under Title 43 for plat approval, with concurrent Title 23 covenant amendment review by Land & Resource Management. Approvals are contingent upon recording of the covenant amendment at final plat.

23.35.060 Approval Criteria.

The approving authority shall find that:

(A) The subdivision complies with Title 43 standards and this chapter;

(B) The configuration locates non-field improvements within designated improvement sites and avoids unnecessary fragmentation of productive fields, and accounts for the presence of a remainder parcel in the overall field layout and access design;

(C) Agricultural use is preserved in perpetuity through recorded covenants; and

(D) Public access, emergency response, and utility considerations are addressed consistent with Title 43.

23.35.070 Conditions of Approval and Recordation.

(A) Covenant amendment. As a condition of final plat, the owner shall record a Borough-approved amendment to the agricultural covenants that: (1) authorizes the Sub-40 Subdivision for the subject unit; (2) binds each parcel to agricultural use in perpetuity; (3) designates improvement sites on each parcel; (4) restates subdivision limits, including the minimum 10.00-acre restriction and the maximum total of four parcels within the original Agricultural Unit; and (5) includes enforcement provisions described in 23.35.080.

(B) Plat notes. The final plat shall include notes referencing the recorded agricultural covenants and this chapter, identifying improvement site boundaries, and restricting non-agricultural uses outside improvement sites.

23.35.080 Enforcement.

(A) Code enforcement. Violations of this chapter and related covenants are enforceable as infractions under MSB 23.05.055 and MSB 1.45, with civil fines and other remedies available at law.

(B) Civil remedies. The Borough may pursue injunctive relief, abatement, and recovery of costs and attorney's fees, and may record notices of violation and compliance agreements.

(C) Reversionary remedy / covenant reentry. The agricultural covenants shall include reversionary or re-entry language enabling the Borough to obtain judicial enforcement or other equitable relief for material breach, consistent with the Borough's standard Title 23 covenant form.

(D) Permit holds. The Borough may withhold or condition approvals, permits, and further plats affecting the subject parcels until violations are cured.

(E) Agreement termination. Where applicable, the Borough may cancel or terminate Title 23 agreements, consistent with MSB 23.05.080.

(F) Monitoring. The Land & Resource Management Division may require an annual agricultural use attestation for parcels created under this chapter.

23.35.090 Conforming Amendments and Guidance.

(A) The Borough's Title 23 Agricultural Covenants (model form) are amended to add an optional "Sub-40 Subdivision Authorization" rider consistent with this chapter.

(B) The Land & Resource Management PPM Part 5 is amended to remove the 40-acre minimum for subdivisions authorized under this chapter and to provide application and review procedures.

(C) The Planning Department shall publish administrative guidance describing submittal examples and best practices for configuring Sub-40 Subdivisions to protect agricultural functionality.