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SB 259 Property Tax Assessment Increases
Sponsor Statement
Version G

Senate Bill 259 gives a municipality the option to limit the annual increase in the assessed valuation of real residential property, by ordinance, at a percentage set by the municipality of five percent or greater. This legislation does not establish a statewide mandated cap. This approach instead preserves local control by allowing each community to determine an appropriate cap that reflects its fiscal needs.

As of December 2025, the Kenai Peninsula Borough, for example, had seen an increase of 34 percent in property values over the course of the last three years. Rapid increases of this magnitude can create significant strain for homeowners, particularly those on fixed incomes or those who have owned and occupied their homes for many years. By allowing municipalities to adopt a locally determined cap of five percent or greater, SB 259 provides a mechanism to smooth those increases over time and reduce sudden spikes in assessed value.

This flexibility allows municipalities to strike a balance between taxpayer protection and maintaining adequate revenue for essential public services. This legislation requires that the property be owned and occupied for at least 185 days during the prior year, ensuring that the benefit is directed toward primary residences and the individuals and families who live in them.

If enacted, SB 259 also allows an assessor to reset the assessed value to estimated fair market value upon sale or following major improvements. This provision helps maintain equity in the tax system and ensures that the municipal tax base keeps pace with market conditions over time.

I urge your support of Senate Bill 259.