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ALASKA STATE LEGISLATURE

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HB 291 Sponsor Statement

"An Act relating to municipal exemptions from fees for landfills or dumping areas; and relating to optional municipal property tax exemptions."

The people of a community understand their local economies, conditions, and service needs better than anyone. House Bill 291 recognizes this by granting municipalities clear statutory authority to create and manage property tax exemptions through local ordinance, based on their own needs and priorities.

Currently, the State of Alaska establishes the framework for property tax exemptions, and municipalities may adopt those exemptions only after the legislature authorizes them in statute. House Bill 291 repeals the list of optional exemptions in state law and instead amends statute to allow municipalities to determine which types of property to exempt and to what extent. State-mandated property tax exemptions, such as those for senior citizens and disabled veterans, will remain in statute. In all other cases, existing exemptions are in place because municipalities chose to adopt them by local ordinance within parameters set by the state. As a result, removing the list of optional exemptions does not alter the current tax structure unless a municipality decides to modify or repeal it through its own ordinance process.

Within the municipalities' ability to classify, exclude or exempt property from taxes, any exemption that exceeds \$75,000 for a property must be approved by the voters.

House Bill 291 shifts control over optional property tax policy from the state to local governments. It removes the detailed list of state-authorized optional exemptions and replaces it with clear authority for municipalities to establish their own exemptions. Communities would be able to decide what to exempt and how to structure those exemptions without seeking future legislative approval. Any exemption created under this authority must still be enacted through municipal ordinance and approved at the local level.