

To: Members of the Alaska Senate Community and Regional Affairs Committee

Re: Alaska Association of Assessment Officers Perspective on SB 259

Dear Chair Merrick, Vice Chair Forrest Dunbar, and Members of the Committee,

The **Alaska Association of Assessment Officers** appreciates the Committee's attention to rising property values and the resulting impact on Alaskans' property tax obligations. Our offices share the legislature's goal of maintaining a **fair, equitable, and transparent property tax system**.

After reviewing SB 259, we have identified significant concerns from the perspective of **assessment accuracy, equity, and professional administration**. These concerns are grounded both in our practical experience and in established research on property taxation, including the Lincoln Institute of Land Policy's publication *A Good Tax: Legal and Policy Issues for the Property Tax in the United States* (Lincoln Institute, 2020).

1. Assessment Equity and Market-Based Valuation

Professional standards, including those of the International Association of Assessing Officers, require that assessed values **reflect current market value and be applied uniformly to similar properties**.

Experience in other states shows that policies limiting assessed value growth — as SB 259 proposes — can result in **long-term inequities** where long-time owners pay far lower taxes than new purchasers of identical properties. California's Proposition 13 and Florida's Save Our Homes Amendment are illustrative examples, where caps produce disparities that grow over 5–10 years. The Lincoln Institute notes that assessment limits can **obstruct homeownership, distort tax fairness, and complicate housing markets** (Youngman, *A Good Tax*, Lincoln Institute, 2020).

Policy Implication: Maintaining market-based assessments is essential. Efforts to mitigate taxpayer burden should focus on **tax policy tools** (e.g., tax rates, exemptions, circuit breakers) rather than altering valuation fundamentals.

2. Administrative Complexity and Oversight

SB 259 introduces potential **administrative challenges**, including:

- Maintaining **dual valuation systems**: true market value for oversight, capped values for tax billing

- Eligibility verification and appeals
- Multi-year adjustment tracking

These added responsibilities could strain assessor offices and compromise **consistency and accuracy**. The Lincoln Institute emphasizes that assessment quality depends on accurate, timely data and **robust professional oversight**.

Recommendation: Consider restoring the **State Deputy Assessor** position to provide statewide guidance, ratio study review, and technical support for local offices.

3. Mandatory Sales Disclosure

The Lincoln Institute highlights the central role of **verified transaction data** in maintaining equitable assessments. Without mandatory disclosure of real estate sales prices, ratio studies, model calibration, and fairness monitoring are compromised.

Recommendation: Adopt **mandatory statewide sales disclosure** to strengthen the accuracy, transparency, and fairness of property valuations.

4. Transparency and Truth in Taxation

Research from the Lincoln Institute and other jurisdictions (e.g., Utah's Truth in Taxation law) demonstrates that **taxpayer confidence and accountability improve when elected officials, rather than assessors, make transparent decisions about revenue and tax rates**. This approach addresses concerns about rising tax burdens **without distorting market-based assessments**.

Recommendation: Incorporate **clear public notices, hearings, and transparency reports** regarding budget-driven mill rate decisions. This preserves market-based valuations while enabling policymakers to manage taxpayer impact responsibly.

5. Targeted Relief Tools

Instead of broad assessment caps, the Lincoln Institute recommends targeted relief mechanisms that **protect vulnerable taxpayers without undermining equity**, such as:

- Homestead exemptions limited to primary residences
- Income- or circuit-breaker-based tax relief

- Enhanced transparency requirements

These approaches achieve the policy goals of SB 259—reducing sudden taxpayer burden—while preserving assessment integrity.

6. Lessons from Other States

- **Utah:** Strong oversight, mandatory sales disclosure, and Truth in Taxation procedures maintain equity without distorting valuations.
- **Montana:** Consistent statewide valuation cycles, property classification clarity, and state-local coordination improve uniformity and accuracy.

Alaska can adapt elements from both systems to **enhance assessment quality and taxpayer confidence**.

7. Conclusion and Path Forward

SB 259 in its current form risks creating **long-term inequities, administrative burdens, and unintended distortions** in Alaska's property tax system. Research and professional standards consistently show that **the most effective path forward includes:**

1. **Mandatory statewide real estate sales disclosure**
2. **Strengthened state oversight** and ratio study monitoring
3. **Restoration of the State Deputy Assessor** position if capacity is insufficient
4. **Transparent tax rate and exemption policies** rather than capping assessed value

These reforms uphold **market-based valuation, fairness, and accountability**, while providing targeted protection for taxpayers. They are consistent with both IAAO standards and the principles outlined by the Lincoln Institute in *A Good Tax*.

We appreciate the opportunity to provide the assessor community's perspective and welcome further collaboration with the legislature on solutions that strengthen Alaska's property tax system.

Respectfully,



Aaron Landvik

President

Alaska Association of Assessment Officers