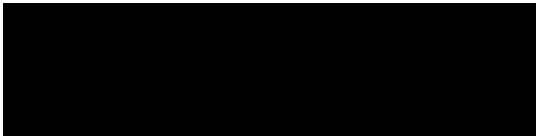
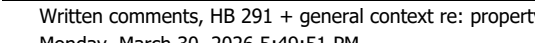
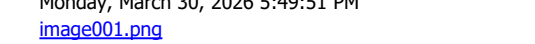


From: 
To: 
Cc: 
Subject: Written comments, HB 291 + general context re: property tax
Date: Monday, March 30, 2026 5:49:51 PM
Attachments: [image001.png](#)
[image002.png](#)
[2026 Assessors Valuation Report Assembly.pdf](#)

Hello,

I'm just sending a brief written follow-up to my comments in last week's committee hearing, with the clarification again that I'm not speaking for the Assembly, our body / Muni have not taken a position on HB 291, but certainly have been in the thick of various policy discussions about property taxes.

Below are some general policy questions to think about with this bill.

Background and general comments:

- Generally speaking, property tax is a way for people who own land in a local area (or rent that land) who benefit from local public services, from schools, to road maintenance, to law enforcement and fire response, to the legal systems (platting, land use / zoning, code enforcement) that actually define and maintain private property owners. (Example: if the government did not maintain a record of ownership, official plat maps, etc. – how would someone know where are the legal boundaries of land they actually own, and how could it be valued for sale?).

As I said verbally, I'm not arguing it's inherently the best or only way to fund local government services. But it's a big part of how local governments work, here and across the country: property owners and the private market rely on local government services to maintain legal property rights, market value of that property, and actual physical use of the land, so services are paid for by property owners (and indirectly via renters).

As property values increase over time, urban land becomes more valuable over time (this is a longtime economic theory, the closer to a city center the more valuable the land, vs. the outskirts with historically agricultural land or sparse settlement). This dynamic happens even in small towns, the central business area costs more per square foot than a 1-acre lot on the outskirts. That, plus the impacts of inflation and long-time maintenance/repair costs of physical infrastructure, are some of the drivers that make both property value and the actual cost of operating public services go up over time, as that infrastructure is expensive to keep up so it continues to function.

- I mentioned that the Municipality of Anchorage, like many municipalities, does limit taxation. For us, we have a property tax cap, meaning a formula determines year over year how much property tax we can collect, which directly impacts the size of our budget. Several other communities have a mill rate cap. They end up in the same place to constrain the budget, but with different levers.
- Generally speaking, Anchorage provides all the mandatory exemptions required by state law

(senior, disabled veteran, charitable use, etc.) and two big categories of optional exemptions: the \$75,000 residential exemption (previously \$50K, with increase up to \$75K approved by voters in 2023 after state law changed) and a group of specific, time-limited development incentives (which allow exempting the value of a structure, or even the land as well) for purposes of increasing economic development. There are ones trying to encourage redevelopment of deteriorated properties, multiple focused on housing to offset the high construction costs for new builds, etc. It is easy to set a dollar amount for exemptions that apply to a broad class of owners or properties, where the owner either does or doesn't qualify. It would be more difficult to set a single dollar amount on the types of exemptions benefiting development projects.

- The idea with time limited exemptions is that eventually the property WILL go back on the tax rolls at full value, this period of exemption/tax abatement is to reduce the costs incurred from turning the property into more productive use. This is a very common planning strategy across the US, and takes different forms policy-wise, but the general idea is that the developer will have to finance construction, so they are paying down debt over time. For affordable housing especially, rents collected or units sold are unlikely to truly make the finances work, the income will be too low compared with the cost of construction and financing, so tax abatement is a way local governments help make that math work.

Overall, foregone revenue in the short term, if applied to a significant building project, will result in a greater tax base in the long term, versus a property simply deteriorating and losing value slowly over time because it's not economically viable to do anything with it. Anchorage, and other communities in Alaska, are relatively young as cities go: we are now having to deal with large-scale deterioration & the need to rehabilitate or redevelop our oldest housing/building stock, which for us is more acute given the fact that many properties were built with wood, or not well built to begin with – so the physical deterioration is often more than, say, a stone or brick house.

Policy questions & things to think about: these are the written version of what I posed in the hearing:

1. What is the policy purpose & intent of voter approval on tax exemptions?
 - Generally speaking, budgeting and tax policy are legislative functions (including at the local level), although the Anchorage Charter requires a public vote on sales taxes, and other communities have requirements for voter approval.
 - However, it turns all of this policy into a political decision, including possible campaigning for or against something on a ballot. That may make sense when deciding to grant a broad benefit to a class of people, like the residential exemption. It gets challenging to imagine what that looks like for an individual development project, or even for a tax exemption policy for real estate development.
 - Generally speaking, people will tend to vote for their own interest, including a tax break for themselves and their peers. Is there a broad tax exemption for residents that would fail on a ballot, regardless of amount?
 - And generally speaking, people are less likely to vote for someone else's tax break. Would residents who don't like the prospect of a new development project be politically motivated to fight a tax break proposal for that project, or for any new development? On

the flip side, would the developer be required to budget and mount the resources for a campaign in support of their tax break? Is this a good use of a business's resources, and would it result in a fairly applied policy?

2. What is the broad impact of the exemption on the overall tax base?
 - An individual economic development project has negligible impact on other property taxpayers, but huge impact on the project (in Anchorage at least, exempting value of 1 project at \$500,000 per year will not have a meaningful cost shift for thousands of other taxpayers.
 - The residential exemption at \$75,000, or senior exemption at \$150,000, has a very significant cost-shift effect overall because of the number of owners who can use it – but it also provides some cost relief to residents, versus commercial property owners. (It does not provide relief to renters, who pay for commercial property taxes in their rent)
3. Is the public vote contemplated for a policy overall, or for any individual project?
 - For example, if one policy allows for \$50,000 exempt value for property A, but a large project on property B would total \$250,000, would the public vote be on the ordinance creating the policy, or on project B only?
4. Are there legal / due process / avoiding arbitrary & capricious decision-making risks with requiring a public vote on the economic development exemptions, because they have to do with a real estate transaction?
5. And separate from legal questions, but also relevant for housing policy, how would that requirement impact the viability of building in that community?
 - Requiring a public vote introduces a great deal of uncertainty and a long time frame for completing any project, on top of what are often discretionary review processes like public hearings, conditional uses, variances, etc.
 - It would certainly extend the timeline for any project seeking an exemption, and would leave financing uncertain until the outcome of the vote is determined. It seems doubtful that a lender or investor would be interested in committing to a project in that scenario, until that uncertainty is settled, which creates a chicken-and-egg problem for the person seeking financial backing.

For reference: total valuation & exemption data

Lastly, attached is our 2026 valuation report slideshow from the MOA assessor, with a screenshot of slide 6 that shows the total dollar value of all exemptions in the Muni, and the number of properties that utilize those exemptions. By far, the mandatory senior/veteran exemption and optional residential exemption, because it impacts such as large number of properties, are the ones with the most cost-shift impact to others, including renters who don't live in owner-occupied housing. In total, there is \$7 billion in exempt value in that category – and people can qualify for both senior/vet and residential, so in reality the total benefit to those homeowners is \$225,000 per property, versus max \$75K to a homeowner under 65 / not a disabled vet.

The economic development/deteriorated category is very tiny in comparison, although those exemptions have an outsized positive impact on the finances of a development project. (This is also why bills like HB 13 focus on more direct benefit for rental housing, to try to offset the costs of building and operating affordable housing properties, especially for those residents).

Exemptions by Type (in millions)

Mandatory (Required Exemptions under State & Federal)

Seniors/Disabled Vets (n=21,853)	\$3,267	
Municipality (n=1,815)	\$2,397	
Education (n=150)	\$1,313	
Federal (n=199)	\$1,203	
State (n=960)	\$947	
Charitable (n=350)	\$644	
Religion (n=411)	\$466	
Non-profit Hospital (n=5)	\$381	
Other (n=214)	\$254	
Native (n=458)	\$231	
Veterans Orgs (n=14)	\$10	

Optional (Adopted by Local Ordinance)

Residential (n=48,877)	\$3,628	
Personal Property (n=4,390)	\$166	
Econ Dev /Deteriorated (n=19)	\$65	
Community Purpose (n=26)	\$34	
Subdivision (n=185)	\$26	
Charter Schools (n=4)	\$10	

Total \$ 15,042

Municipality of Anchorage | 2026 Property Appraisal Annual Valuation Report



Anna B. Brawley, AICP

Assembly Vice Chair | Serving West Anchorage, District 3

Municipality of Anchorage

Anchorage Assembly

e anna.brawley@anchorageak.gov

p 907.343.4116

Dena'inaq elnen'aq' gheshtnu ch'q'u yeshdu (Dena'ina). *I live and work on the land of the Dena'ina (English).* Translation by Sondra Shaginoff-Stuart and Joel Isaak

