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Senate Bill 259 Property Tax Assessment Increases

Sponsor Statement

Version S

Senate Bill 259 gives municipalities the option to limit the annual increase in the assessed valuation of property, by ordinance, at a percentage set by the municipality of not less than 3% and not greater than 10%. 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 should be chosen to ensure predictable assessments and minimize large increases.

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 property owners, 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, SB 259 provides a mechanism to smooth those increases over time and reduce sudden spikes in assessed value.

The intent of this legislation is not to artificially hold down assessments; it is designed to make them more predictable. If enacted, SB 259 allows an assessor to reset the assessed value to estimated fair market value every 10 years, 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.