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To: Senate Labor and Commerce
Cc: Sen. Jesse Bjorkman; Sen. Robert Myers; Ann Roberts; Debbie Rathbun
Subject: CSSB 259(CRA)

Written Testimony in Support of CSSB 259(CRA)
Senate Labor & Commerce Committee Hearing
April 20, 2026

Chair and Members of the Committee,

Thank you for the opportunity to submit this written testimony in strong support of CSSB 259(CRA). As an economist with more than 30 years analyzing property tax systems and housing affordability in Alaska and other states, I urge the committee to pass this bill today — and to include two narrow, common-sense clarifications that will prevent unintended harm to the very Alaskan families the legislation is designed to protect.

Economic Rationale: Why This Bill Is Urgently Needed Across Alaska

Rapid, market-driven spikes in assessed values are creating real hardship for long-time homeowners. In the Fairbanks North Star Borough, official 2026 projections claimed assessments would rise only about 2.1% with inflation, yet many residents have received notices showing far steeper increases — some exceeding 40%. Similar volatility is widespread: the Municipality of Anchorage has seen assessed values jump as much as 40% in some cases, triggering a record surge in appeals; the Matanuska-Susitna Borough reported average single-family home values up 7.41% and land assessments up 15% under its six-year correction plan, fueling public outrage and even discussion of replacing the property tax with a sales tax; and comparable pressures are hitting the Kenai Peninsula and other growing areas.

CSSB 259(CRA) offers a targeted, locally controlled solution with zero state fiscal impact. It gives every municipality the voluntary option to enact an ordinance capping annual assessment increases on primary residences (owned and occupied as a permanent place of abode for at least 185 days per year) at any level between 3% and 10%. Built-in safeguards — a full market-value true-up every 10 years and immediate reset on arm's-length sales — ensure the cap remains fiscally responsible. Similar programs in Florida, Texas, and Washington have proven effective at reducing foreclosures, preserving housing equity, and stabilizing neighborhoods. This is tax smoothing, not a tax cut, and it leaves all decisions in local hands.

Closing the Family-Transfer Loophole

The bill is well-crafted overall, but two technical gaps should be fixed. The current language resets the cap to full market value upon any "transfer of ownership." This appropriately handles market sales, but it inadvertently captures routine family events that do not change economic use or occupancy:
• A widow or widower continues living in the family home as their primary residence after a spouse's death — only to face a sudden tax spike amid grief and lost income.

• A single homeowner marries and adds their spouse to the deed for standard estate planning — and loses the cap even though nothing about the household has changed.
• A divorced parent is awarded the family home in a court decree and continues raising children there — only to see the cap disappear during an already difficult transition.

These are not tax-avoidance schemes; they are ordinary life events that should preserve the stability the cap is meant to deliver. I urge the committee to clarify the definition of "transfer of ownership" (or add an explicit exception) so the cap continues uninterrupted in these situations, provided the remaining owner still qualifies as a resident primary occupant.

Clarifying "Improved" vs. Routine Maintenance in State Statute

A second critical gap exists in the bill's trigger for resetting the cap "if the property is improved." The statute provides no definition or guidance distinguishing capital improvements (which legitimately warrant a full reassessment) from ordinary maintenance and repairs (which should not). This ambiguity leaves too much to assessor discretion and risks punishing responsible homeowners for basic upkeep.

Routine maintenance such as roof repairs, trash clean-ups, and planting flowers must be explicitly excluded from the definition of "improved" in state statute. These actions preserve an existing home's habitability and value; they do not create new square footage, add rooms, or fundamentally upgrade the property in a way that justifies stripping away the assessment cap. Without this clarification, the bill could inadvertently discourage necessary home maintenance, accelerate property deterioration, and undermine the very predictability it seeks to provide.

Recommendation:
Add a narrow, objective definition or list of exclusions in the bill text itself so that roof repairs, trash clean-ups, planting flowers, and similar routine maintenance and repairs do not constitute an "improvement" that resets the cap. This change is simple, costs nothing, and ensures the policy works as intended for everyday Alaskan families.

Conclusion
CSSB 259(CRA), with the two modest clarifications outlined above — the family-transfer exception and the explicit maintenance-vs.-improvement distinction — would be a smart, pro-family, pro-stability reform. It strengthens housing security, supports local control, protects long-time residents across FNSB, Anchorage, Mat-Su, Kenai, and beyond, and imposes no new state costs. I strongly encourage the committee to advance the bill today with these targeted fixes so municipalities can begin offering this vital protection without delay.

Thank you for your time and service.

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My views are my own and do not represent any group or group with whom I might be affiliated.