

Local Taxation in Alaska

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Center for Economic Development

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University of Alaska Center for Economic Development

www.ua-ced.org

About CED



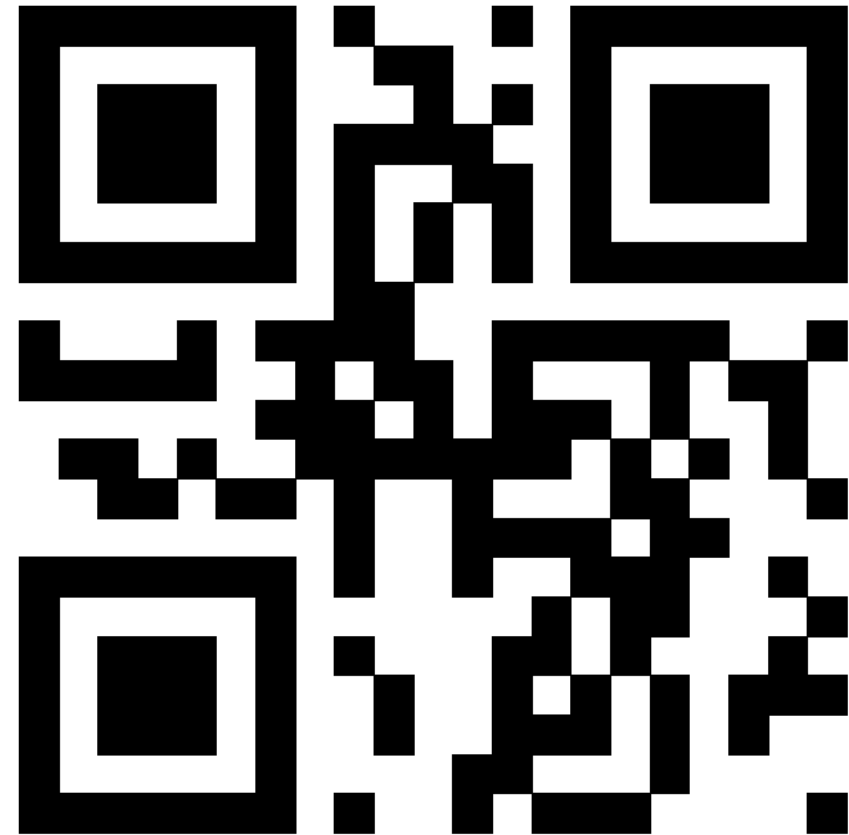
Applied Research



Technical
Assistance



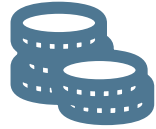
Entrepreneurship
Support



About this project



Tax revenue



Tax Base



Impact of
Policy



Data Sources



Alaska Taxable



Annual property
tax reports



AML



My Goals



Summary of
results



Start the
conversation



Paint a statewide
picture



Data Quality/Availability



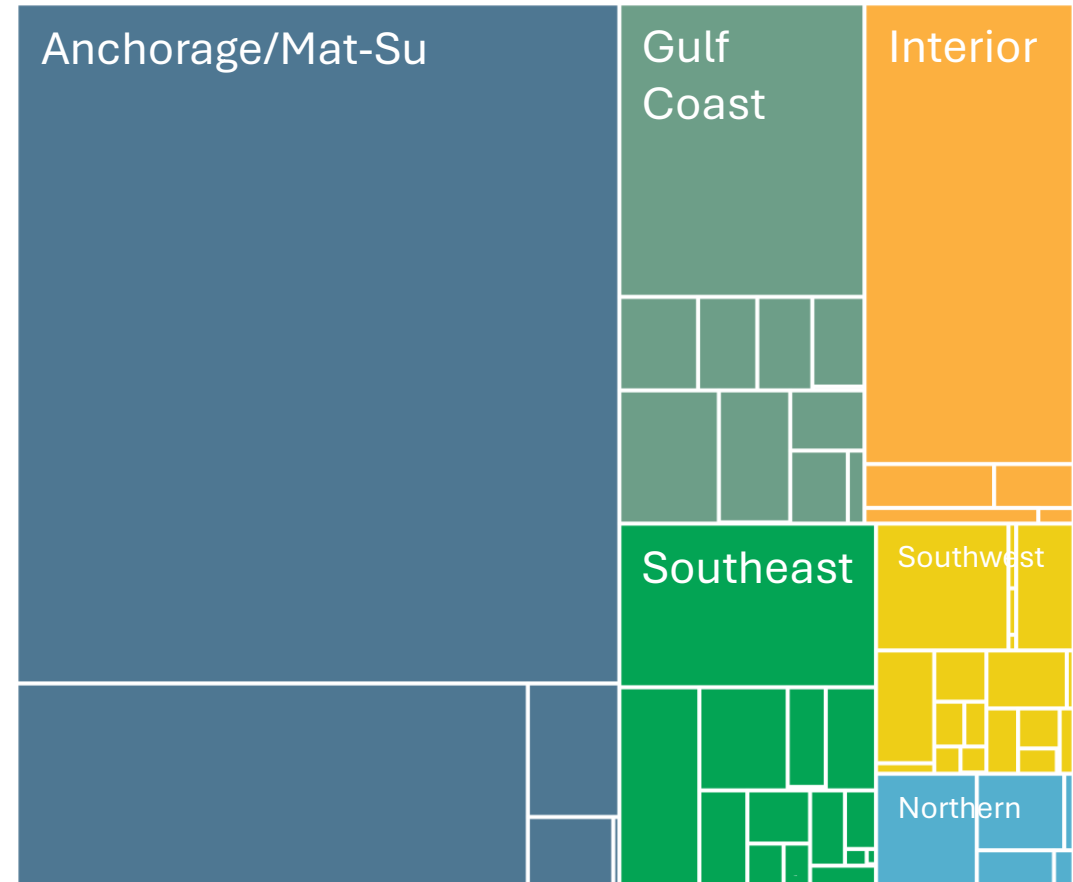
- Incomplete records
- Inaccurate entry
- Non-filing
- Flawed storage

Sales Tax Revenue ▾	Bed Tax Revenue ▾	Car Rental Tax Revenue ▾	Tobacco Tax Revenue ▾	Alcohol Tax Revenue ▾	Raw Fish Tax Revenue ▾	Marijuana Tax Revenue ▾	Other Tax Revenue ▾
8,904,417	511,653		354,088	550,208		885,972	511,653
7,653,548	434,229		590,122	381,754		848,387	320,675
8,083,375	383,510		648,623	426,477		888,036	166,236
7,894,151	648,004		649,716	737,743		215,753	418,187
7,819,678	596,880		648,864	912,117			58,642
7,584,559	611,280		684,503	995,784			
7,235,460							2,511,881
7,225,207							1,738,911
9,545,176	587,413		616,244				
10,131,706	706,991		693,554				
10,647,101	749,517						
9,531,960	568,137						567,969
9,991,326	143,869						853,673
10,383,032	148,938			49,916			874,004
9,586,111	122,150			97,549			837,455
8,430,877	109,696			90,440			667,017
8,270,336	108,879			88,245			791,462
7,818,981	120,050			91,319			884,500
7,599,048	127,509			86,781			797,445
7,280,630	91,448			84,836	26,773		880,645

Local Taxes In Alaska



- Averages only go so far
- \$2,374 of local tax revenue per resident in areas reporting tax revenue
- 96% of Alaskans pay local taxes



A Statewide Picture



- Revenue vs. tax base
- Per capita (including borough taxes)
- Inflation adjustment

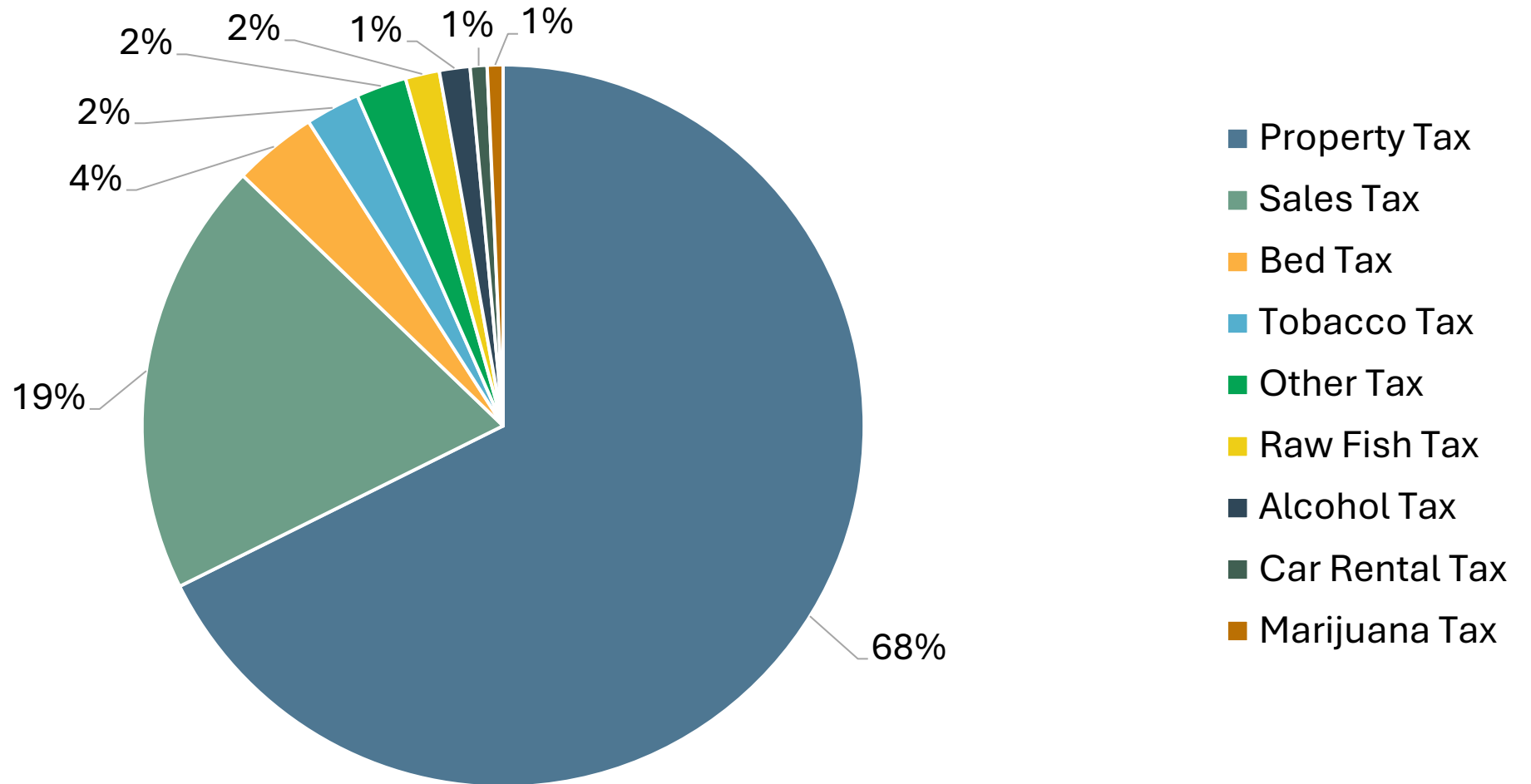
Statewide Sources Revenue 2023

	Revenue	Number Reporting	Share of Total
Property Tax	\$1,137,947,008	24	67.7%
Sales Tax	328,264,347	91	19.5%
Bed Tax	63,113,022	42	3.8%
Tobacco Tax	41,028,107	12	2.4%
Other Tax	37,960,931	0	2.3%
Raw Fish Tax	25,628,560	14	1.5%
Alcohol Tax	23,095,871	13	1.4%
Car Rental Tax	12,684,961	3	0.8%
Marijuana Tax	11,899,867	14	0.7%
Total	1,681,622,675	110	

Tax Revenue Statewide



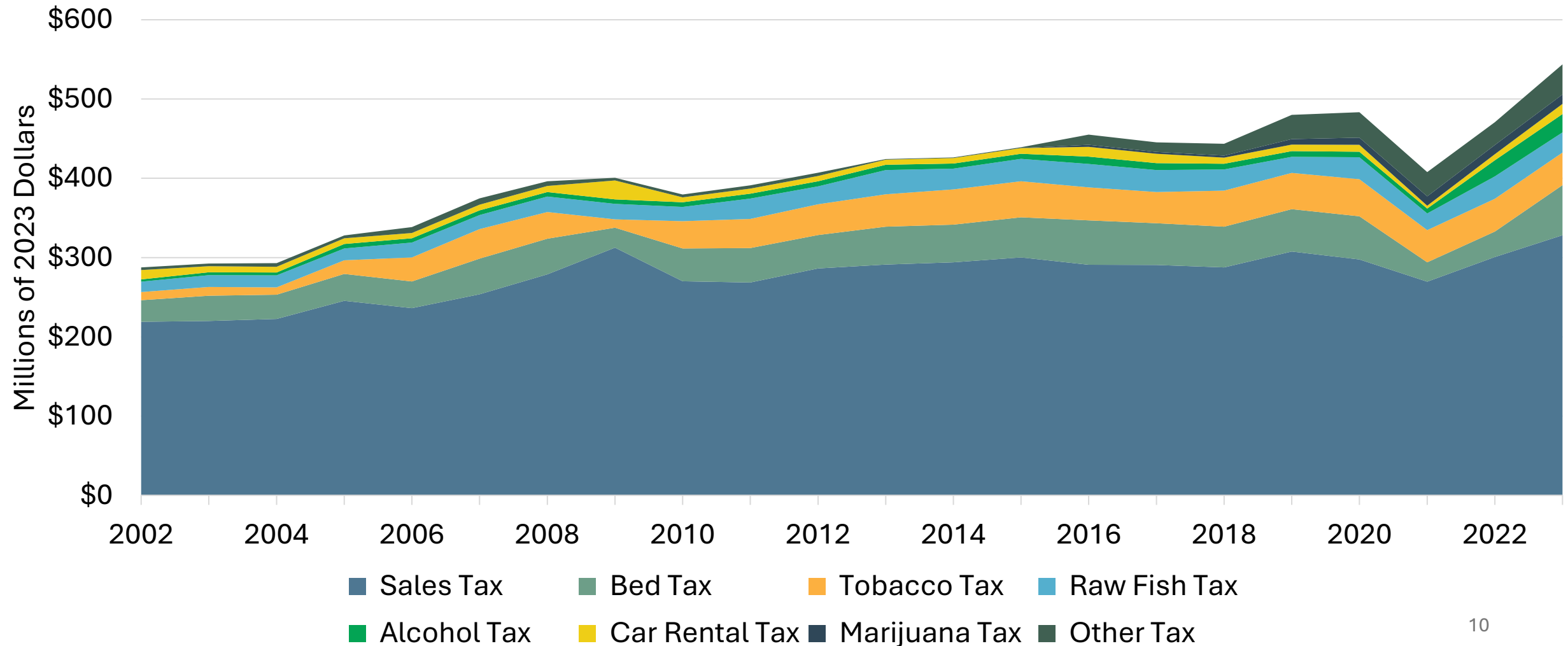
Components of Revenue, 2023*



Tax Revenue Statewide



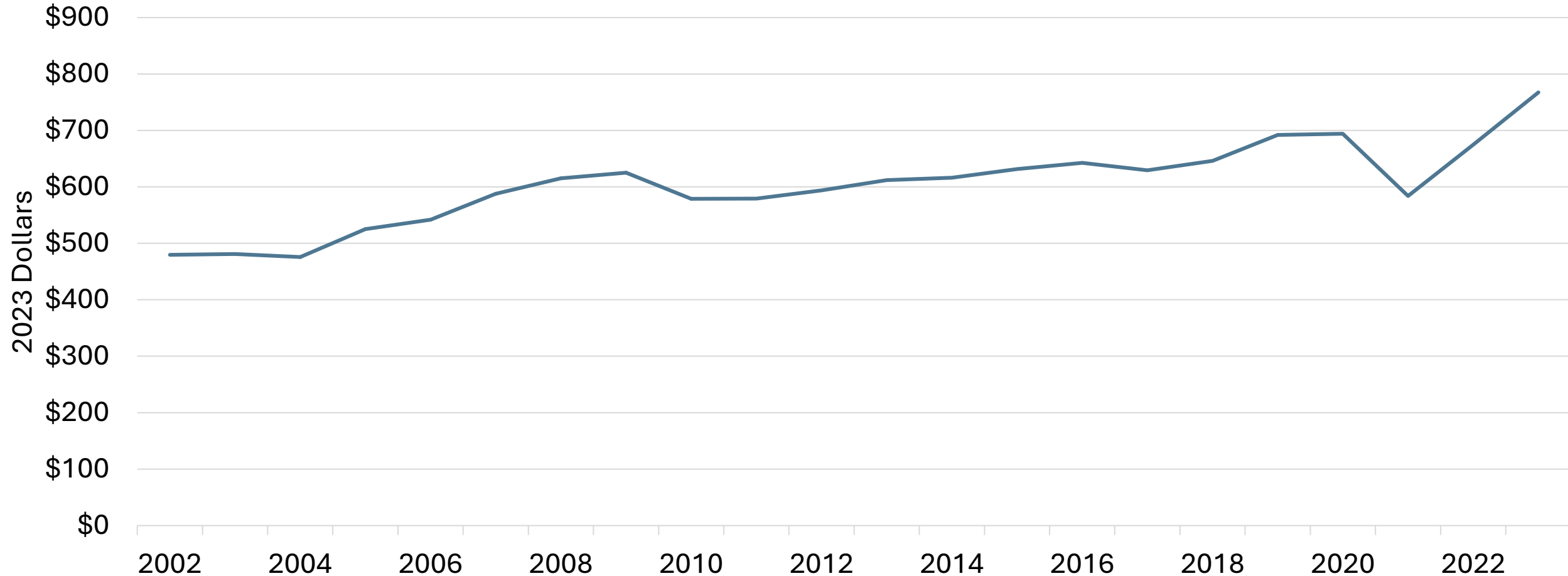
Revenue for Non-Property Taxes, 2002-2023, 2023 Dollars



Tax Revenue Statewide



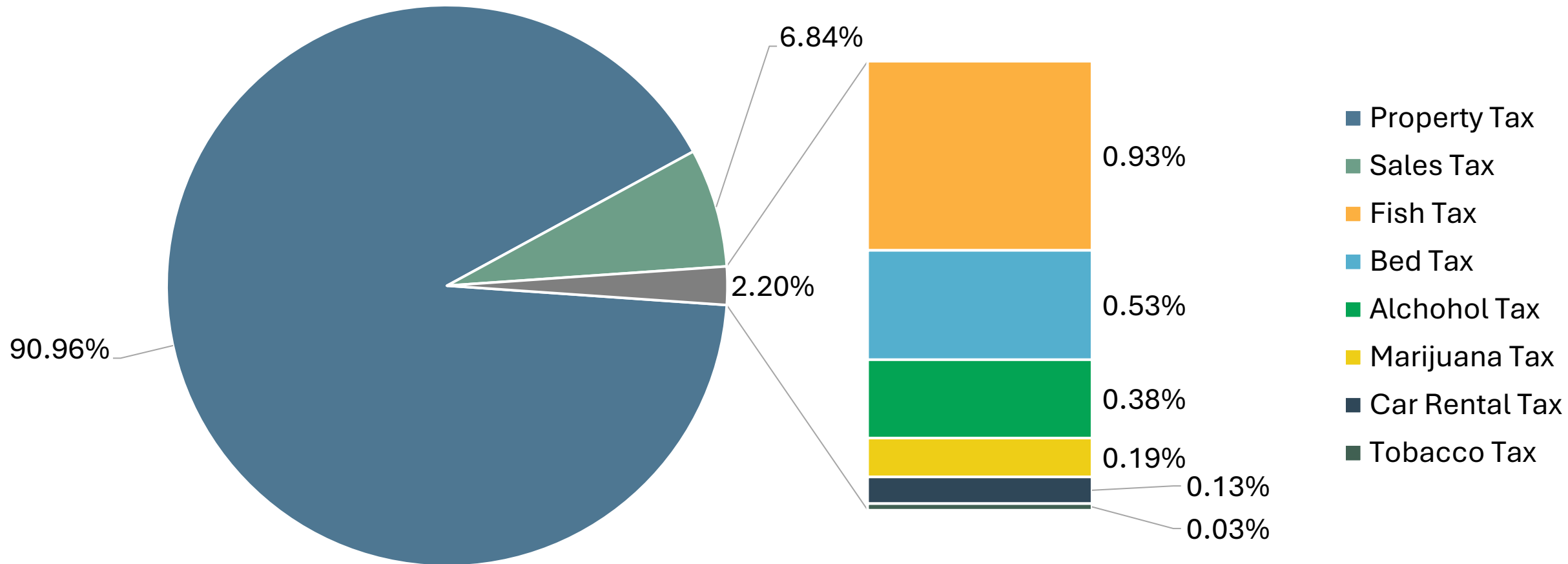
Per Capita Tax Revenue Excl. Property Taxes 2002-2023, 2023 Dollars



Tax Base Statewide



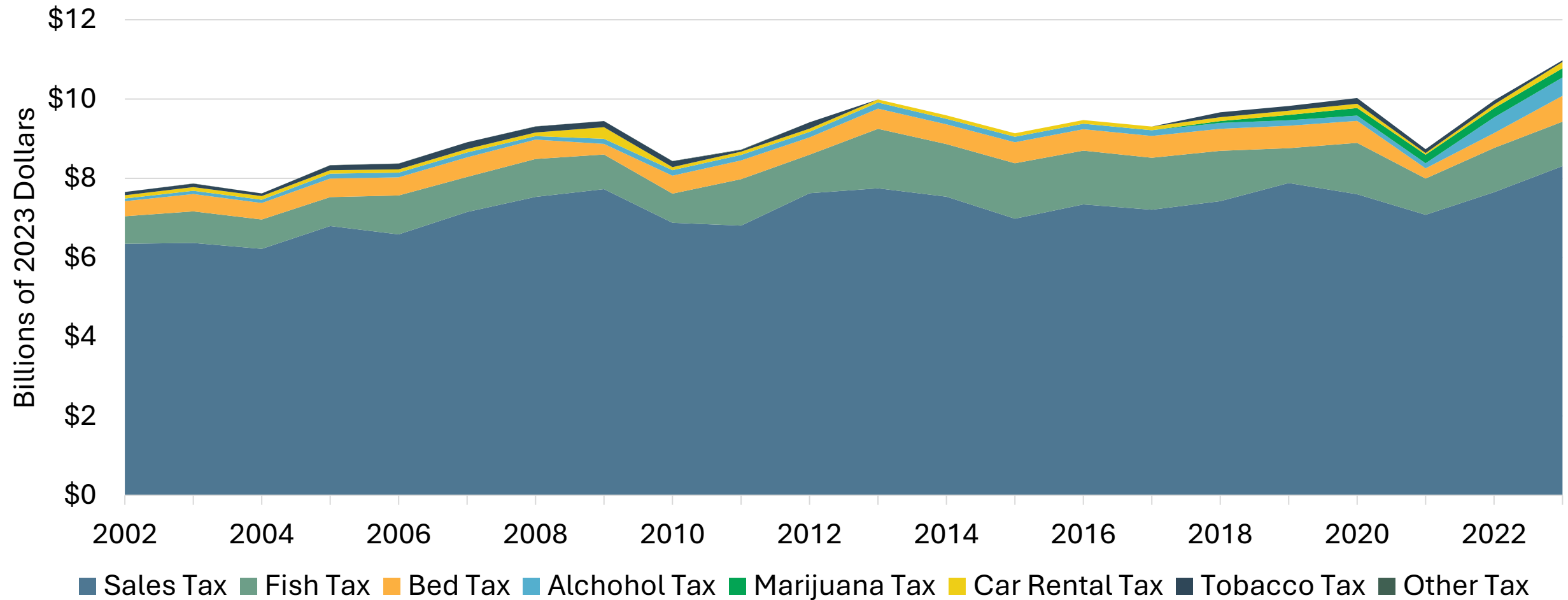
Components of Calculable Tax Base, 2023*



Tax Base Statewide



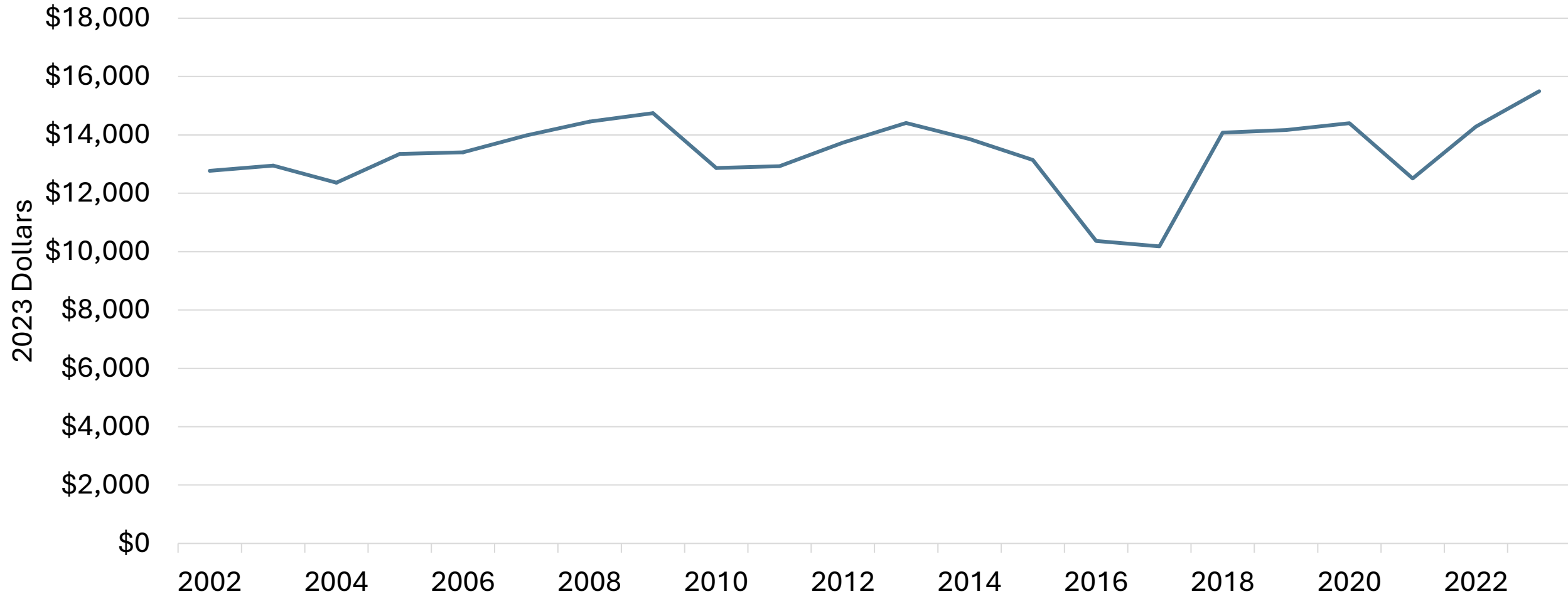
Calculable Base for Non-Property Taxes, 2002-2023, 2023 Dollars



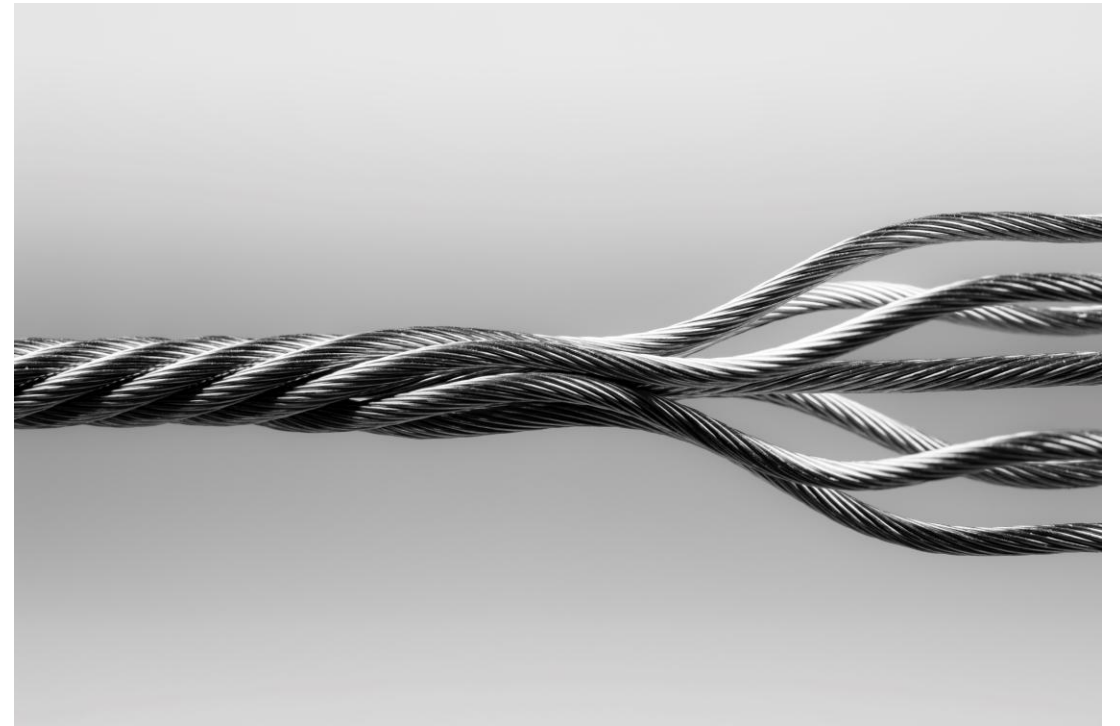
Tax Base Statewide



Per Capita Tax Base Excl. Property Taxes 2002-2023, 2023 Dollars



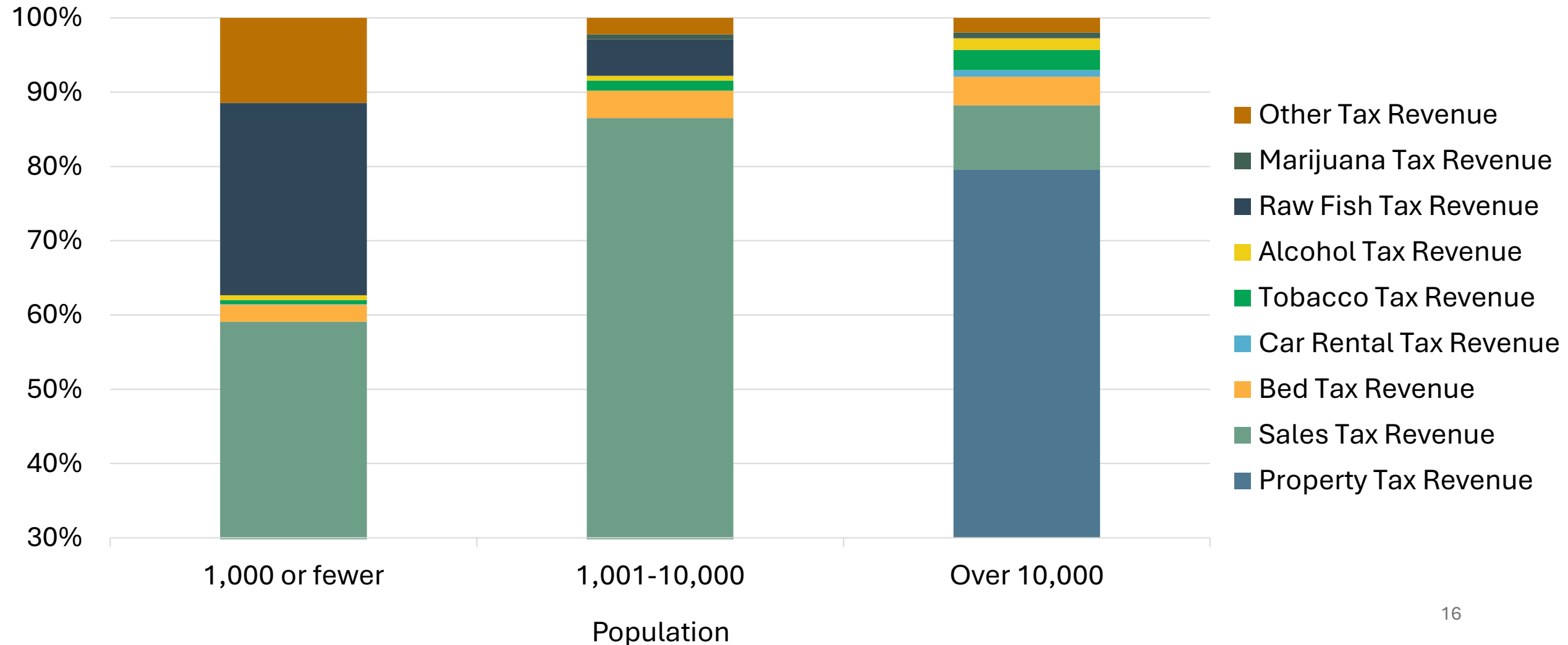
- Size – small, medium, large
- Type – city, borough, consolidated borough
- Eliminating outliers



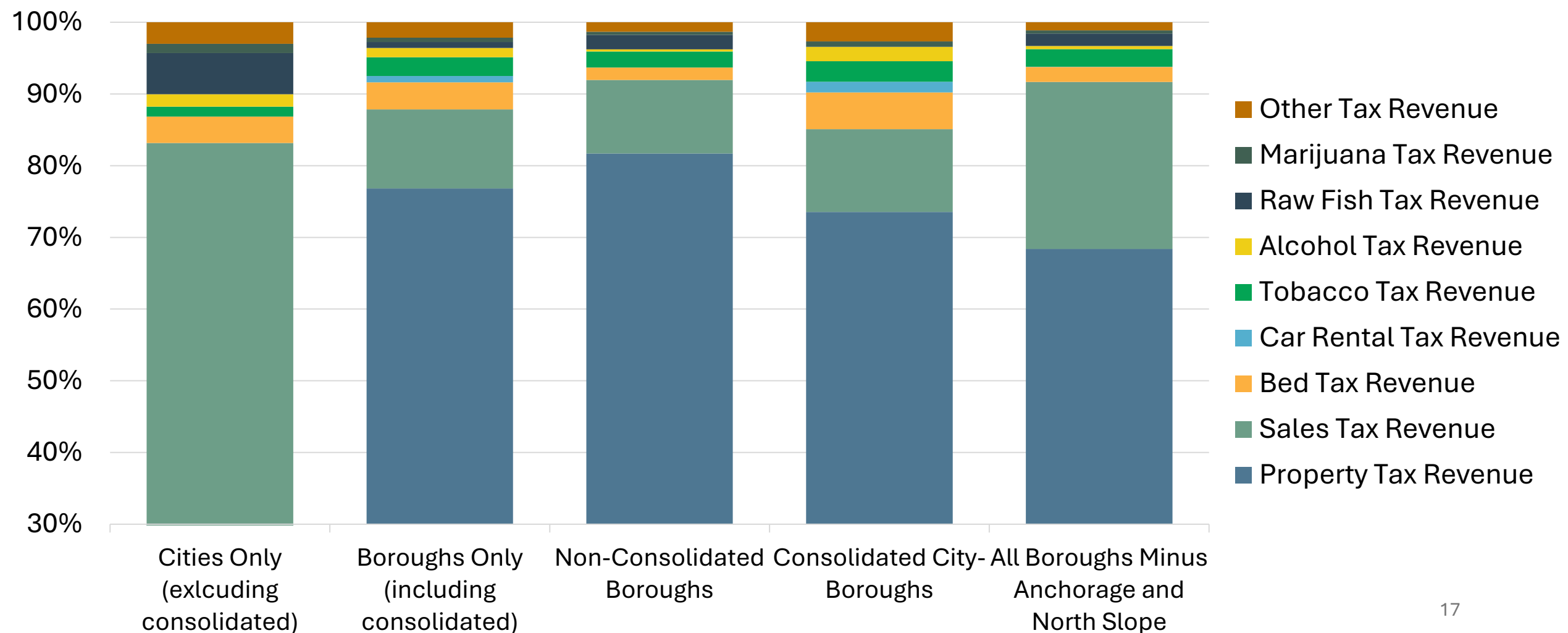
Community Size



Sources of Revenue by Community Population



Sources of Revenue by Community Type



Concentration of Tax Revenue

- Concentration rate* is a measurement of how diversified the tax revenue is in a particular jurisdiction
- Not frequently used in this context, but still useful



*Modified Herfindahl-Hirschman Index

Concentration of Tax Revenue



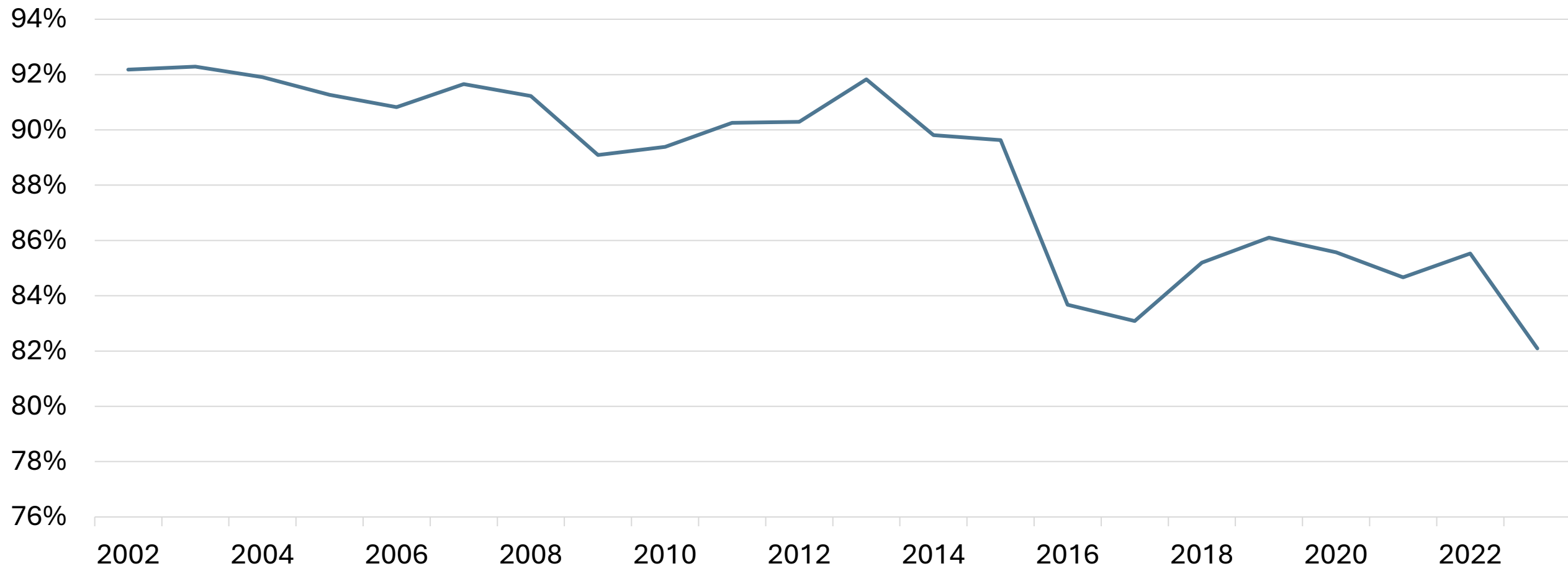
- Lower concentration is better
- Concentration can be a threat to sustainability
- 45% of communities relied on one source of revenue in 2023
- Can be challenging to identify new sources of revenue



Concentration of Tax Revenue



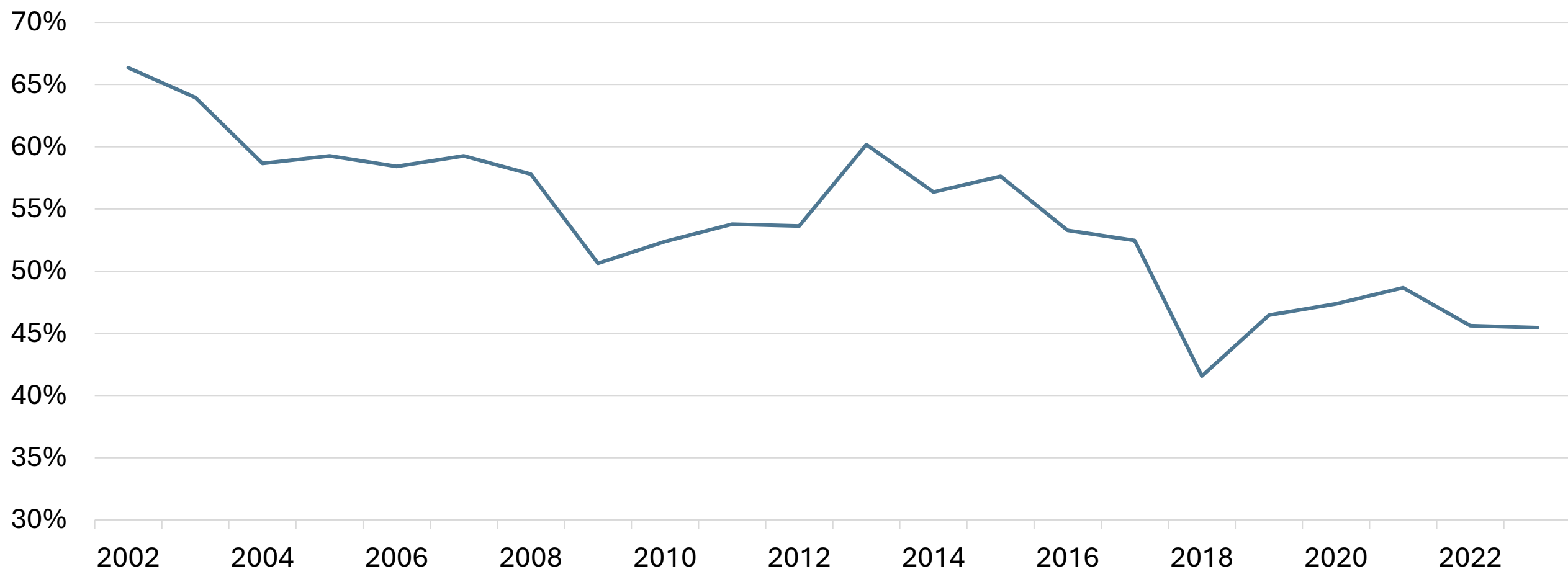
Average Tax Concentration Statewide, 2002-2023



Concentration of Tax Revenue



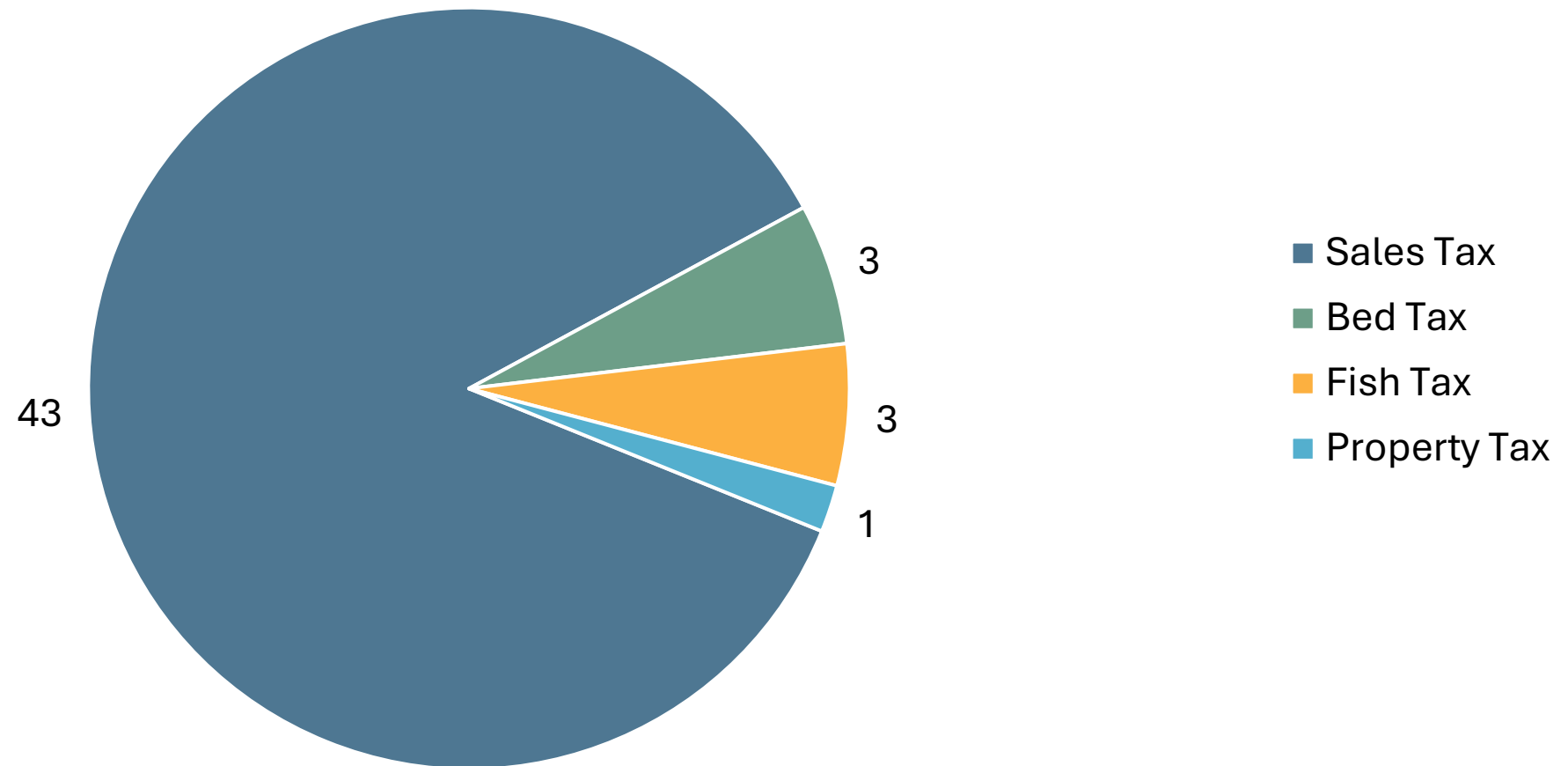
Percentage of Communities with 100% Tax Concentration, 2002-2023



Concentration of Tax Revenue



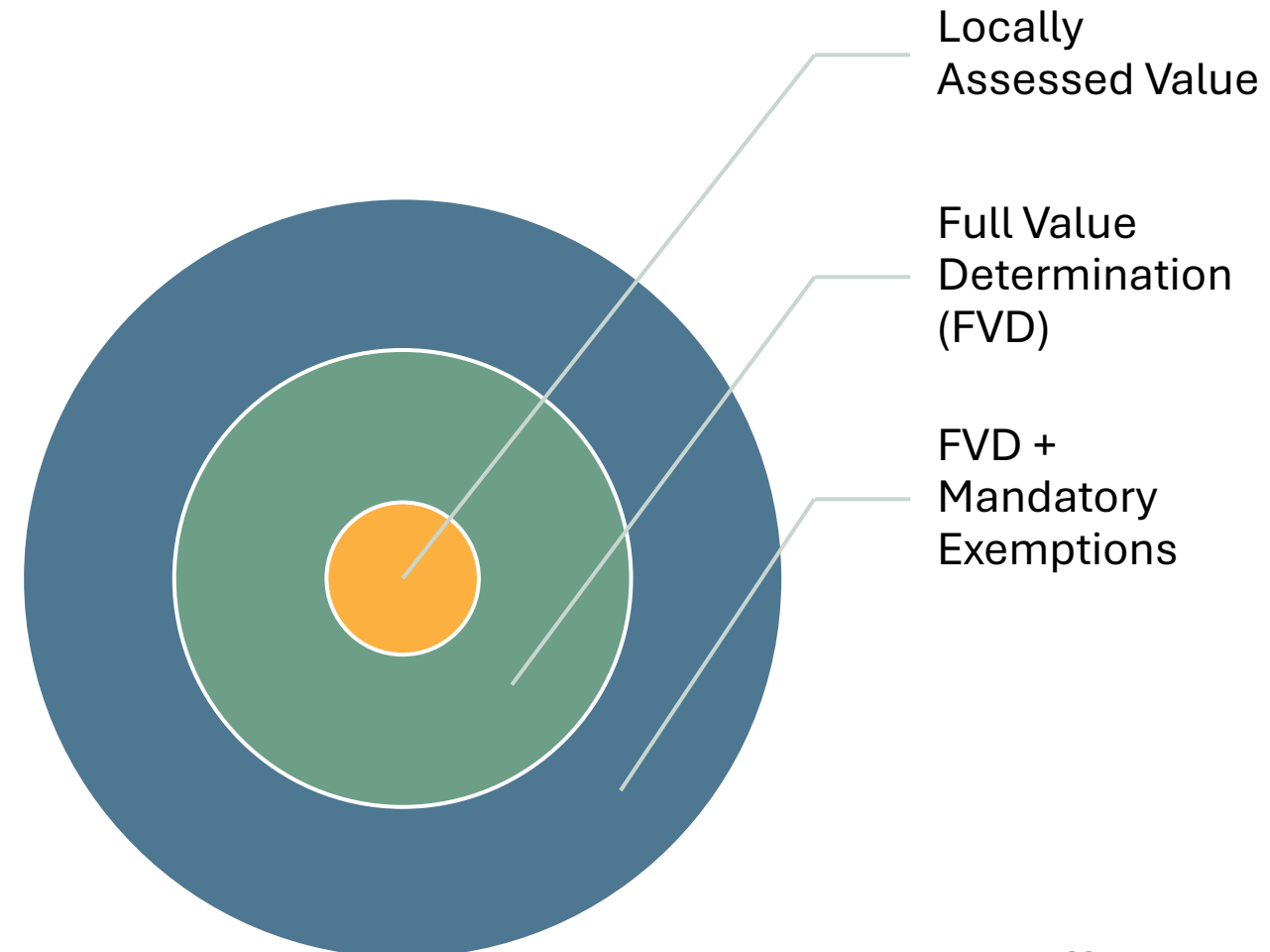
Revenue for 100% Concentrated Communities, 2023



A Closer Look at Property Taxes



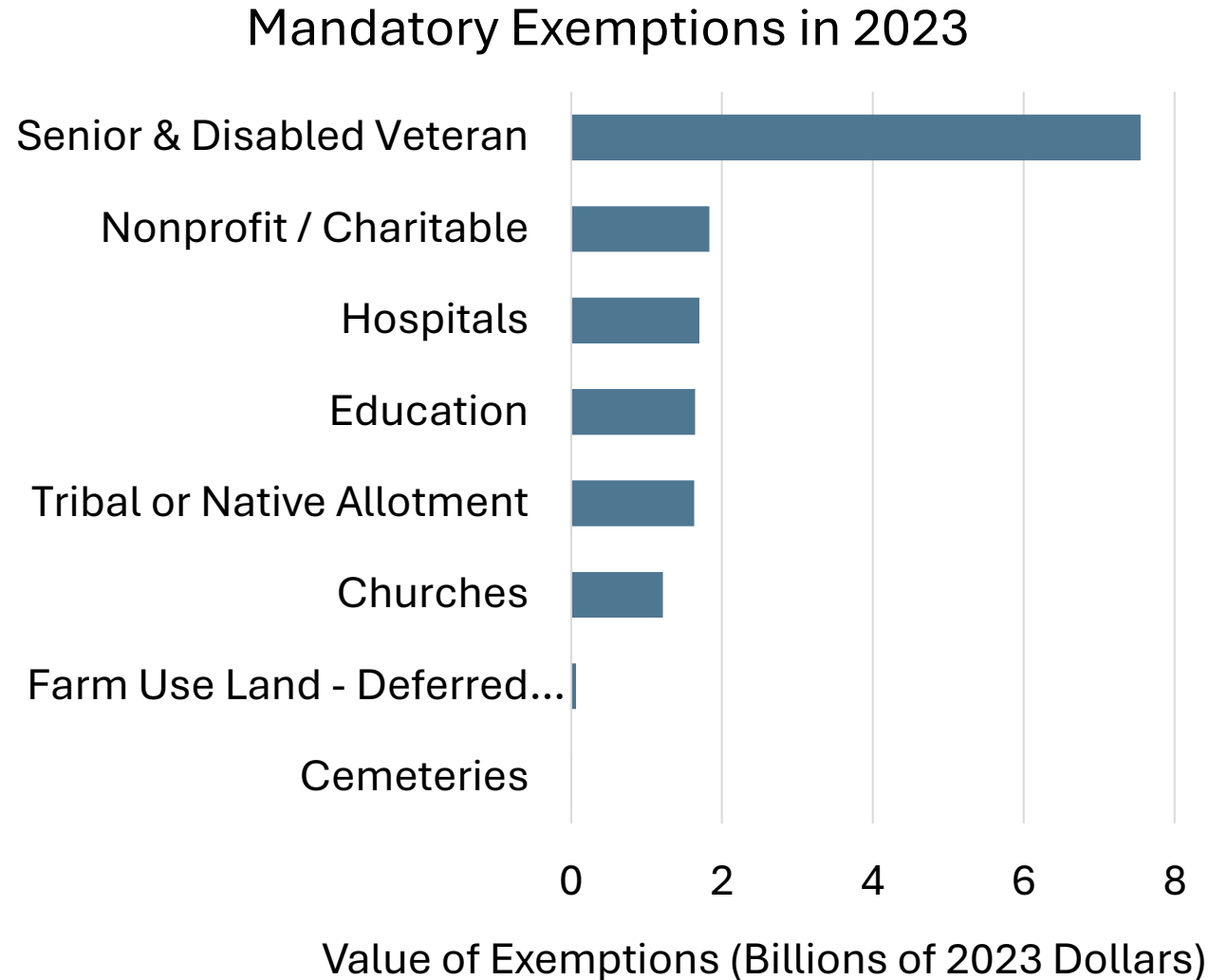
- Exemptions – Mandatory & Optional
- Revenue for 2024 only
- Base for 2013-2023



Mandatory Exemptions



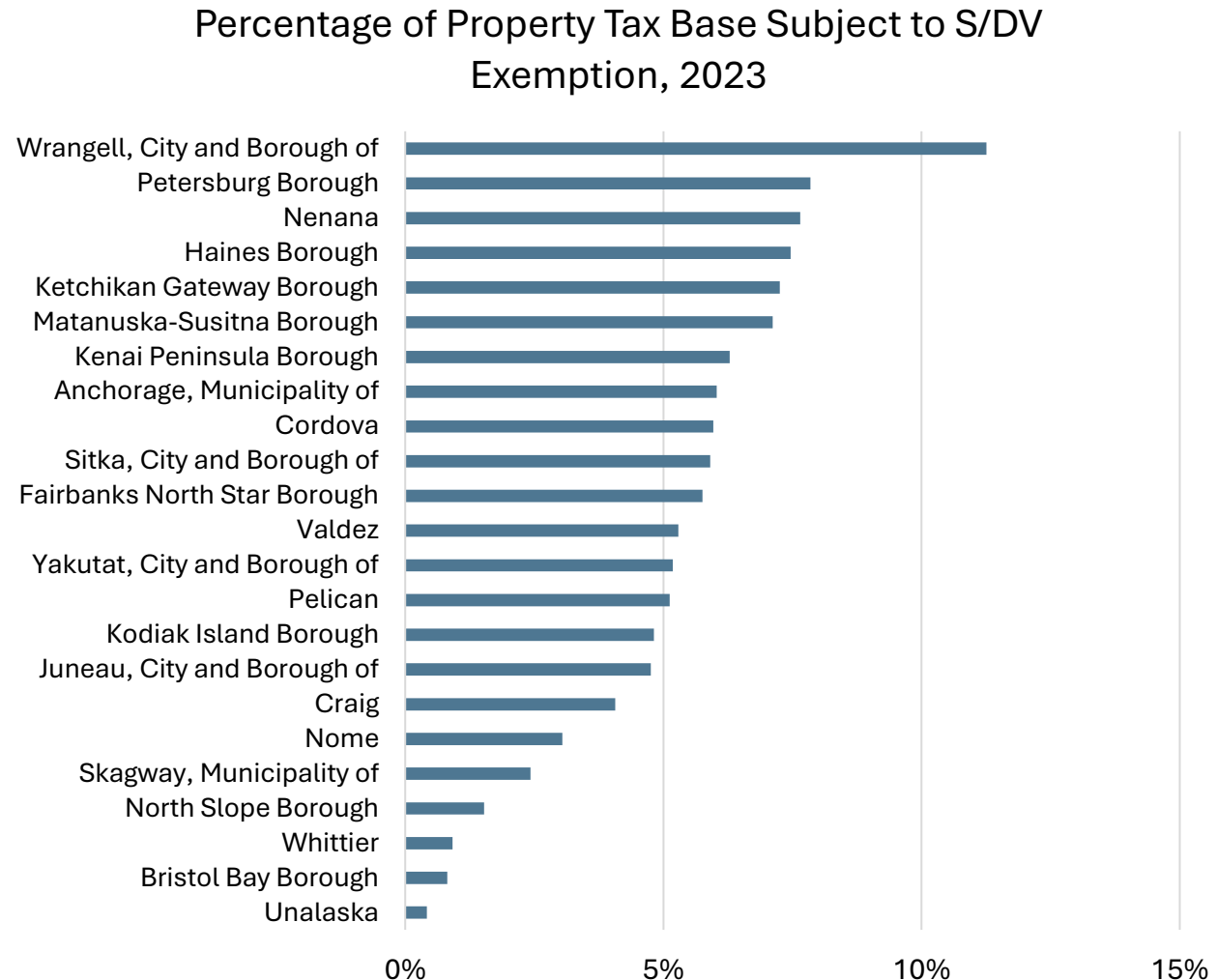
- 15.7\$ billion in 2023
- 12.4% of total taxable value
- Not all jurisdictions appraise exempt categories



Senior/Disabled Veteran Exemption



- \$7.56 billion in 2023
- Average 6% of total value
- Larger percentages in places with less commercial/industrial activity or older populations



S/DV Exemption Increase



- Proposal to increase from \$150,000 to \$450,000
- In Anchorage, \$3.9 billion in new exempted value
- Redistribute \$62.4 million in tax revenue
- Require raising the property tax rate by 1.94 mills to balance the budget

Increase in S/DV Exemption Value
Following Statute Change

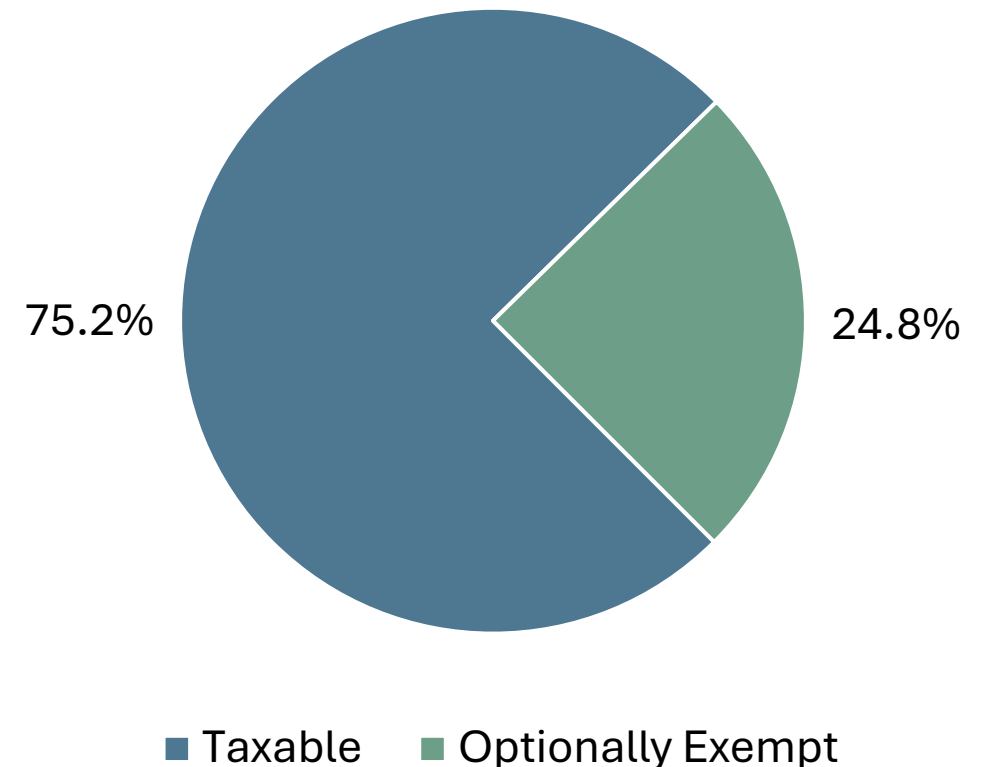


Optional Exemptions



- \$27.4 billion exempted in 2024
- Includes real and personal property, including modeled values.
- Including mandatory exemptions, 34.2% of all property is exempt.

Share of Real Property that is Subject to Optional Exemptions

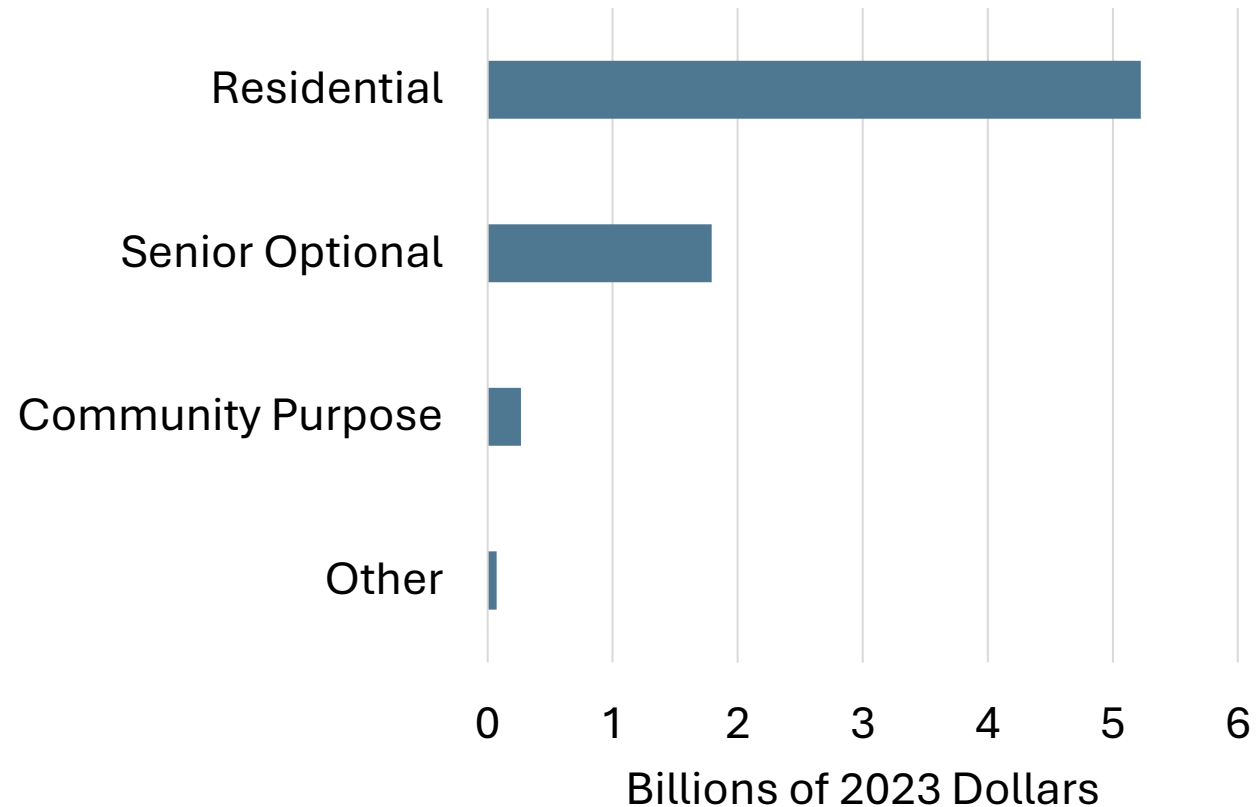


Optional Exemptions



- Largely broad, not targeted
- Reduces regressivity and benefits seniors
- 12 categories in “Other”

Value of Real Property Optional Exemptions, 2024

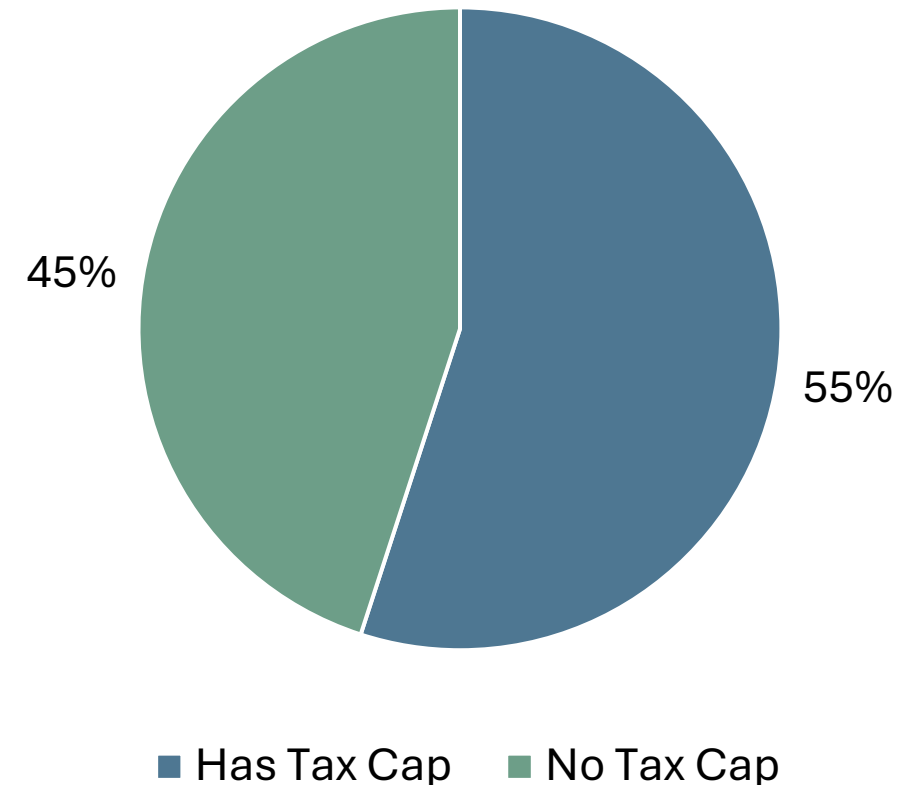


Caps vs Exemption



- Caps
 - Reduces incentive to leave area to make large purchases
 - Can simplify tax planning
 - Reduces revenue from luxury goods, highly regressive
- Exemptions
 - Allows targeted relief
 - Can work as an incentive for economic activity
 - Often reduces regressivity
 - Complexity, loopholes

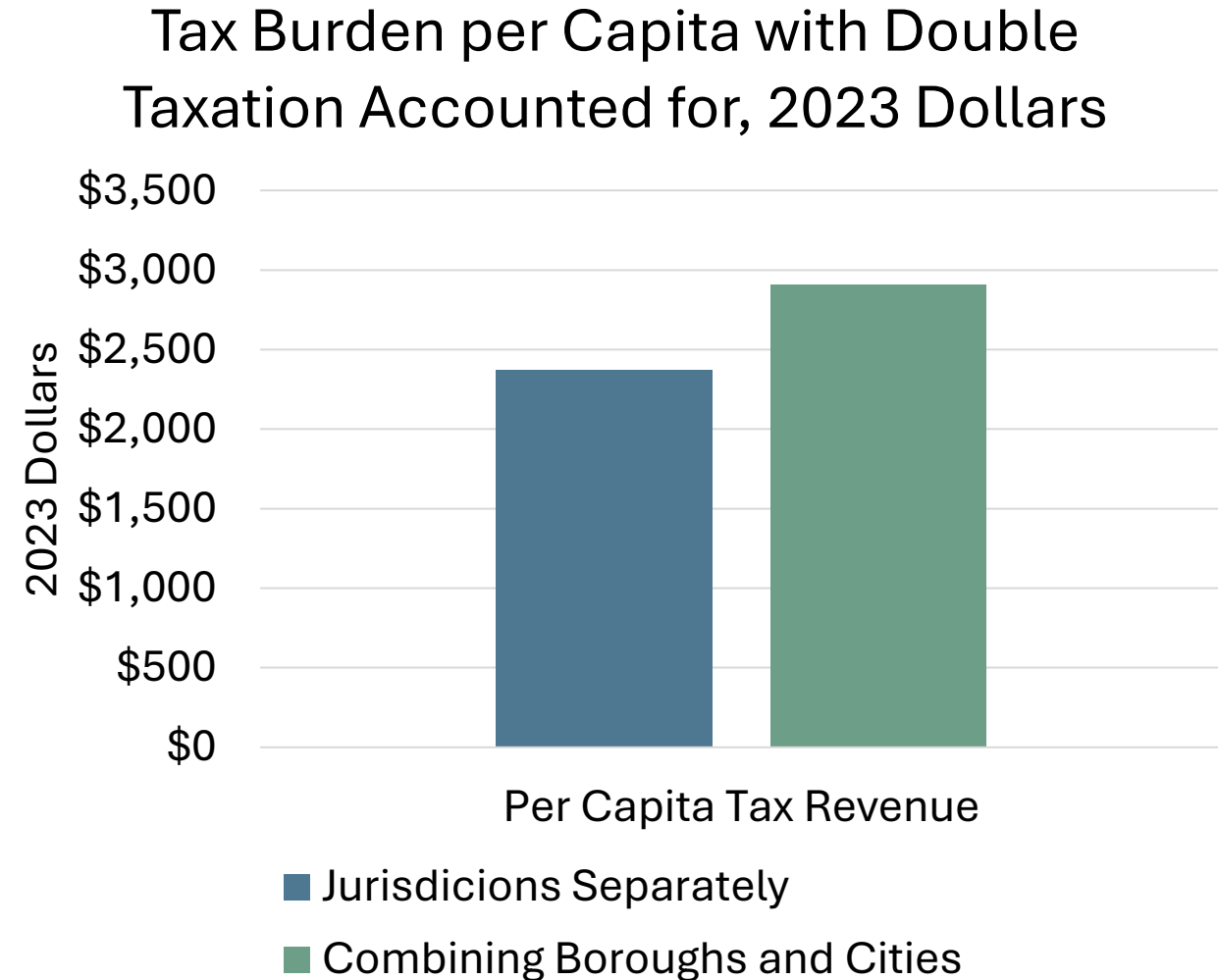
Percentage of Surveyed Communities with Sales Tax Caps, 2024



Tax Burden



- Many Alaskans live in a city in a borough
- Both may levy taxes
- When accounted for, this increases revenue in these areas to \$2,907 per person



Takeaways

- Revenue is growing
- Economic activity seems relatively flat
- Concentration is decreasing
- State policy can have a very large impact on tax bases
- There are often more options available





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