THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community, and Economic Development

DIVISION OF COMMUNITY AND REGIONAL AFFAIRS
Anchorage Office

550 West Seventh Avenue, Suite 1640
Anchorage, Alaska 99501
Main: 907.269.4581
Fax: 907.269.4539

April 2, 2024

The Honorable Representative McCormick
Chair, House Community and Regional Affairs Committee
Alaska State Capitol
Juneau, AK 99801

RE: SB 161 & Determination of Full and True Value (FVD)

Dear Chair McCormick,

In a recent House Community and Regional Affairs hearing, I was asked by Representative Himschoot if the farm use tax exemption would be added back or restored in the Determination of Full and True Value (FVD).

The answer is it depends on whether the exemption is mandatory or optional. The difference between mandatory and optional is critical in determining the FVD. Optional exemptions are added back or restored, while the State mandatory exemptions are not added back or restored in the FVD calculation.

For example, a local municipality cannot assess a property tax on a residence of a qualifying senior citizen as they are mandatorily exempted by the State of Alaska; however, optional exemptions such as homeowner or community purpose exemptions are optional exemptions in that a municipality could have taxed such a property but chose to exempt. Therefore, all optional exemptions are added back or restored in the calculation of the FVD.

Please let us know if you have any additional questions.

Sandra Moller

Sincerely,

Sandra Moller
Director