

ANCHORAGE, ALASKA
AR No. 2025-61, As Amended

**A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING
ALASKA HOUSE BILL 13, AN ACT RELATING TO OPTIONAL MUNICIPAL
PROPERTY TAX EXEMPTIONS**

WHEREAS, Anchorage faces a significant housing affordability crisis, with a substantial portion of residents burdened by high rental costs and still unknown impacts of short-term rentals (STRs) on the overall housing market; and

WHEREAS, HB[-]_13 provides municipalities with optional tools to incentivize the development and retention of long-term rental units, the preservation of mobile home parks, and the availability of affordable rental housing for low-income families by allowing property tax exemptions; and

WHEREAS, Anchorage has seen a rise in STRs, with many concerned about a reduction in the stock of available long-term rental (LTRs) housing; HB[-]_13 would encourage property owners to convert STR units into LTR housing through targeted tax exemptions; and

WHEREAS, mobile home parks provide an essential source of affordable housing, but a recent feasibility report on Manufactured Home Communities, AIM 16-2025, highlighted the difficulties with preserving or expanding these communities; HB[-]_13 would allow municipalities to provide tax relief to support these communities; and

WHEREAS, there is a critical need to develop safe, stable, and affordable housing in the Municipality, with statewide analysis showing a need for approximately 13,500 units for low and extremely low-income households; HB[-]_13 provides a flexible tool for municipalities to support low-income renters through tax incentives for property owners who cap rent at 30% of the area's median income; and

WHEREAS, both branches of government in the Municipality have strategic initiatives regarding housing, with the Mayor's 10,000 Homes in 10 Years strategy and the Assembly's Housing Action Plan; and

WHEREAS, HB[-]_13 does not impose mandates on municipalities but rather provides optional tools that local governments can use to tailor housing policy solutions to their specific needs; and

WHEREAS, the Anchorage Assembly recognizes the urgent need to address housing affordability and ensure that all residents have access to safe and stable housing options.

NOW, THEREFORE, THE ANCHORAGE ASSEMBLY RESOLVES:

Section 1. The Anchorage Assembly expresses its strong support for HB[-]13 and urges the Alaska State Legislature to pass this legislation to give local governments the tools to address their local housing needs **through expansion of allowed optional, and not mandatory, property exemptions.**

Section 2. This resolution shall be effective immediately upon passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 25th day of February, 2025.

Christopher Constant

Chair

ATTEST:

Janie Stum

Municipal Clerk

Municipality of Anchorage



P.O. Box 390
Girdwood, Alaska 99587
<http://www.muni.org/gbos>

Suzanne LaFrance Mayor

GIRDWOOD VALLEY SERVICE AREA BOARD OF SUPERVISORS

*Briana Sullivan & Mike Edgington, Co-Chairs
Jennifer Wingard, Brian Burnett, Kellie Okonek*

Resolution 2025-05 Of the Girdwood Board of Supervisors **Girdwood Board of Supervisors Resolution of Support for House Bill 13**

WHEREAS, Girdwood is a distinct community within the Unified Municipality of Anchorage, geographically separated from urban and suburban Anchorage by the Chugach State Park, and;

WHEREAS, Girdwood can be characterized as a gateway community, with an economy primarily based on outdoor recreation and related activities, supporting four season tourism across the Chugach and Kenai Mountains, and;

WHEREAS, in common with other gateway communities across the western United States, Girdwood has been experiencing an extreme housing affordability crisis with a significant mismatch between local housing costs and typical wages in the local economy, and;

WHEREAS, the majority of Girdwood's housing are non-primary residences, often vacation or second homes, but increasingly as commercial short-term rentals (STRs), with an estimated 25% of Girdwood's housing units used as STRs at some point during 2024, and;

WHEREAS, the recently approved Girdwood Comprehensive Plan calls for incentives to encourage long term rentals and to support lower-cost housing, and;

WHEREAS, the Girdwood Board of Supervisors is an elected body that manages services provided to, and paid by, the Girdwood community including support for housing and economic development, and;

WHEREAS, HB 13 does not impose mandates on municipalities but rather provides a range of optional property tax exemptions that local governments can adapt to their local housing policy goals.

THEREFORE, the Girdwood Board of Supervisors expresses its support for HB 13 and urges the Alaska State Legislature to pass this legislation to give local governments the tools to address their local housing needs through expansion of allowed optional, and not mandatory, property exemptions.

Passed and approved by the Girdwood Board of Supervisors by a vote of 5 in favor and 0 opposed on this 24th day of March, 2025.

Mike Edgington
Mike Edgington
GBOS Co-Chair

Margaret Tyler
Attest



ANNA BRAWLEY

DISTRICT 3 | WEST ANCHORAGE

March 31, 2025

Representative Gray, Co-Chairs Reps. Himschoot and Mears, and Members of House Community and Regional Affairs Committee:

I am writing to support House Bill 13, consistent with the Anchorage Assembly resolution passed (AR 2025-61) on February 25, 2025. This bill gives several opportunities for local governments working to incentivize the market to increase housing supply, as well as potential benefits for working families, residents who pay the property tax through rent, and mobile home residents who own their unit but pay space rent for land. There are many people in our communities who live on the edge of stability and as costs go up, struggle to afford these increases—property tax relief would help these residents remain housed.

While I understand there are revisions in a substitute version, overall I support offering additional “optional” exemptions in statute. Optional simply means a city or borough can choose whether to enact it, and address implementation through ordinance. The focus on rental property, as well as owner-occupied property, is important: all residents pay property tax, directly or indirectly, so the Municipality (and our constituents) would benefit from the ability to create intentional, targeted tax relief in line with our Housing Action Plan’s Goal 4: “Reduce housing cost burdens and ensure safe, affordable, high-quality permanent housing for all residents.”

The rest of this letter provides some information in response to questions in the March 25 committee hearing, in case it is helpful for understanding how this policy fits into Anchorage’s larger fiscal context, and how our local tax structure works.

First, a recent example of how statutory enabling language in AS 29.45.050 becomes a tax exemption: the Assembly recently passed AO 2024-38, an ordinance allowing exemption of \$10,000 assessed value for volunteer firefighter and EMS personnel in Chugiak/Eagle River and Girdwood. Our process: the ordinance was introduced, held a public hearing, and also included a Summary of Economic Effects (SEE), the equivalent of a fiscal note. While there was no direct cost reported, our municipal assessor provided the following analysis: “The estimated total value exempted from taxation under this proposal ranges between \$500,000 to \$1,200,000, constituting less than one hundredth of one percent (0.01%) of the total taxable base. Consequently, any impact on mill rates will be negligible.”

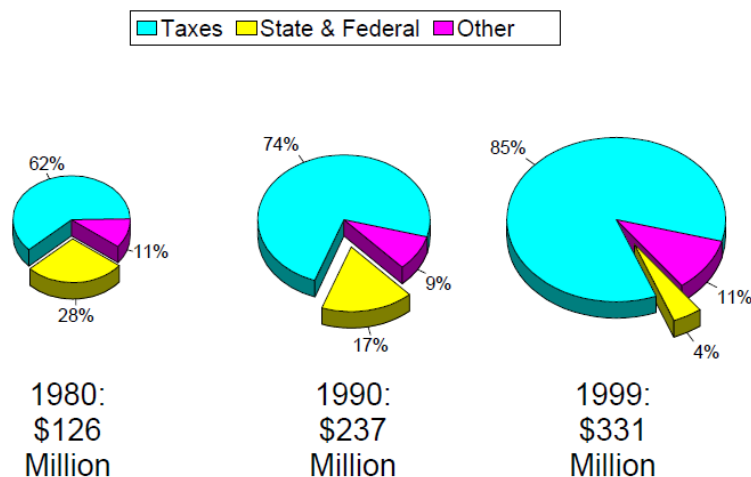
A brief overview of the tax cap: Anchorage has a tax capacity limitation or “tax cap,” annually calculated by formula defined in Charter, which limits our operating budget. Specifically, the formula determines how much the Municipality can collect in taxes total to

fund our general operating budget, which includes every department except utilities and enterprises, like the Port and Merrill Field, which are separate and don't use property taxes to operate. The cap then determines how much property taxes can be collected, after subtracting out every other estimated revenue source "within the cap." The tax cap can either be maintained or "ratchet down" each year—the only ways the tax cap increases are through inflation, population increase, or through new construction, which adds to the tax base. As a result, the Municipality's budget remains approximately the same for 40 years when adjusted for inflation, with some periods of cuts that permanently reduced the cap. At the same time, operating costs have increased, while demand for services remains.

The tax cap has also contributed to property tax increases, due to state revenue cuts: The tax cap's formula uses property tax to "fill in" after accounting for other funding sources. This means that when the Municipality loses other revenues, it either requires significant budget cuts and fewer services, or the budget is held constant and the share of revenue from property taxes increases. Most of this lost revenue was the significant reduction over time of State operating funding to local governments (not including funding for capital projects, or school funding). The impacts of this cost-shift have been felt for many years, but was documented over 25 years ago in *Anchorage Community Indicators* (2000), summarized in the graph below. The "taxes" category in the graph includes all local taxes, but is primarily property tax; the increase in that share of revenue corresponds directly with shrinking state revenue.

General Government Revenues

Municipality of Anchorage - 1980, 1990 & 1999



Source: Municipality of Anchorage, Comprehensive Annual Financial Report. (Updated 5/10/2000)

This trend has continued, particularly after significant state budget cuts in 2016, as well as the school bond debt moratorium (2015-present), which means Anchorage taxpayers are carrying the full debt costs for school repairs, as well increased property taxes for the required local contribution for school operations. This resulted in increased

property taxes, but the alternative (service cuts) are unpopular with the community, and in many cases counterproductive to the community's goals: Anchorage residents will recall debates in past years about cutting the Parks Department's flower budget, which creates a vibrant Downtown every summer, or "rolling closures" at Anchorage Fire Department stations, to deal with budget limitations and vacancies. Year after year, with the choice of maintaining or cutting services, the public and the Assembly choose to maintain them.

Faced with shrinking state revenue and consistent demand for local services, the Municipality has taken 3 broad approaches to balance our budget: 1. Maintaining services rather than making large service cuts, 2. Diversifying revenue sources, and 3. Using more local bonds (also paid for by property taxes) for capital projects. Voters have approved sales taxes on alcohol and marijuana products; bed tax revenue has increased as the hospitality industry has grown; and the Assembly and others continue to consider other options such as sales taxes. Building more housing, or more real estate development in general, would also benefit current property owners by adding more value to the tax base overall, and mitigate tax increases from lost revenue and rising operating costs.

Regarding how new exemptions would impact the Municipality's overall revenue: All tax exemptions are a form of cost-shifting, because tax rates are calculated based on total taxable value—the larger the exemption, the less that property is paying compared to its neighbors. However, total exempted value does not reduce revenue collected, because the tax cap simply presumes all other taxpayers cover the difference, in the form of a higher mill rate. Given the size of our tax base, an exemption of a few properties, or a small amount from many properties, does not create a significant impact on other taxpayers. A large exemption granted to many properties does have a significant impact, and could represent a noticeable cost shift to other taxpayers. Any proposed policy would need analysis and vetting to determine its effects.

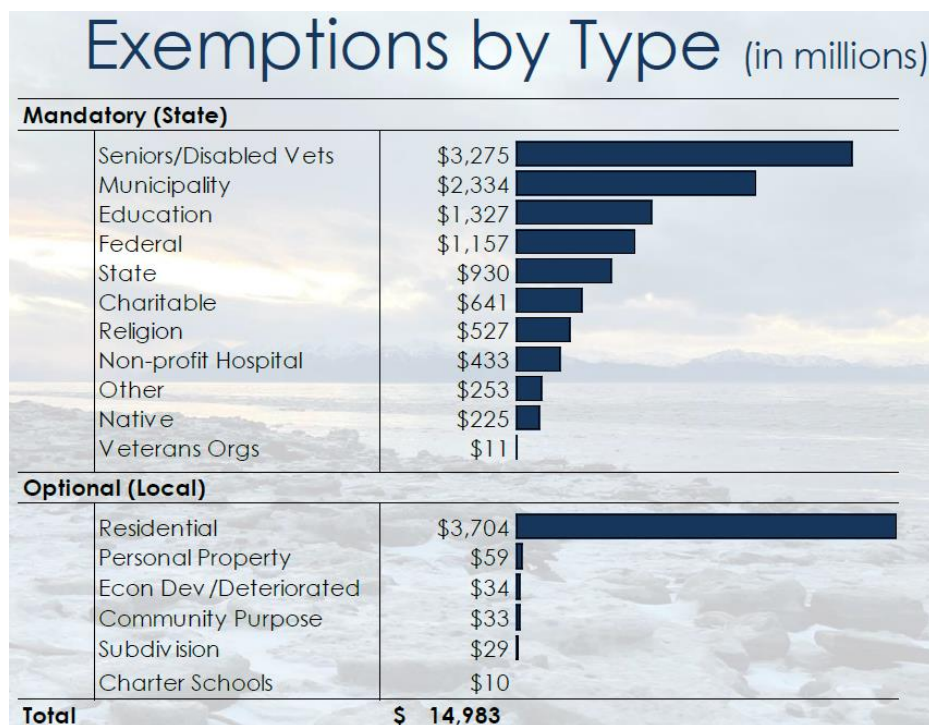
Regarding how this would be enforced locally, to prevent tax evasion or misuse: Like all tax assessment matters, exemptions are addressed by the Municipal Assessor, with a clear structure in code who qualifies, the process for applying, and mechanisms for enforcement, including reporting and potential consequences for claiming exemptions improperly. The Assessor is responsible for administering all exemptions, and along with other financial experts on staff would advise how to craft effective regulations for municipal code.

Lastly, for comparison, the impacts of existing mandatory property tax exemptions: There are several property tax exemptions the state requires local governments provide, from charitable uses and hospitals to publicly-owned property. As of 2025, the Municipality has about \$57 billion in total assessed value (AV) within our boundaries, versus \$42 billion in taxable value, which means approximately \$15 billion is exempt (26% of total). This means that the other 74% of properties pay the taxes for all 100% of properties.

There are many valid reasons for having exemptions, so the key policy question to ask:
How do we fairly allocate the costs of operating city services, recognizing that everyone should pay something, but some have greater ability to pay than others?

The largest of the mandatory exemptions in terms of budget impact is \$150,000 exempt AV for seniors and disabled veterans (they are combined into one total, most recipients of this benefit are seniors). Statute mandates the “floor” at \$150,000, but municipalities can go higher: Kenai Peninsula Borough, for example, currently allows up to \$300,000 exempt AV. The Municipality also offers some optional exemptions, the largest is up to \$75,000 exempt AV for owner-occupied homes. The mandatory and optional exemptions “stack,” so a senior household may have up to \$225,000 AV exempt—some residents aren’t paying any tax. It is also worth noting that many years ago, the State directly compensated local governments for the value of their mandatory property tax exemptions, which recognized the impacts on city budgets—this practice ended sometime in the 1990s, and is also part of lost revenue.

The table below shows total value of exemptions in 2025: **almost \$3.3 billion in home value is exempted from taxation** for the qualifying groups; this cost is shifted to all other property owners, including other homeowners, commercial property owners, and renters.



Source: Municipal Assessor’s Office, 2025 Property Tax Valuation Report, January 2025.
<https://www.muni.org/Departments/Assembly/Documents/2025%20Assessors%20Valuation%20Report%2C%20Assembly.pdf>

These tax exemptions are valuable for seniors and disabled veterans to stay in their homes, particularly when they have fixed income; once their mortgage is paid off, property

tax may be their largest home-related expense. As home prices rise in Anchorage and other communities, the value of this exemption also decreases over time as total AV increases, even though mill rates have remained stable in recent years.

However, it is also important to put this mandatory tax exemption in context of overall demographic and home ownership trends in Alaska. Alaska DOLWD published a thorough analysis about seniors' housing status in its March 2025 issue of *Economic Trends*, with graphs (reproduced below) highlighting some key trends:

- Alaska seniors own a rapidly increasing share of all homes, from 10% in 1990 to almost 30% in 2023. This means the actual fiscal impact on local governments has expanded significantly over time, particularly communities with large senior populations (such as Kenai Peninsula Borough and most Southeast communities), with remaining residents and other property owners paying the difference through increased property taxes.
- 1 in 6 (18%) of Alaska seniors rent, compared with almost 40% of non-seniors. Seniors who rent are *significantly* more housing cost-burdened, spending almost 50% of their income on housing, compared with less than 20% for seniors who own homes. The mandatory property tax exemption does not benefit senior renters, despite this group having the most financial need.
- For those who are financially able to do so, a growing number of seniors also spend part of the year living outside Alaska, "snowbirding" in warmer states or traveling for extended periods of time. A person who lives in Alaska at least 185 days per year can qualify for resident-based tax exemptions, and many likely utilize them on Alaska homes. (Note: the map reproduced from the *Economic Trends* article includes Alaska resident data through PFD applications, and does not include non-residents.)

It is important to emphasize that exemptions for seniors and disabled veterans are a valuable way to help people stay housed, and age in place. Many seniors and veterans rely on this benefit to keep their housing affordable, and have still struggled to keep up with rising costs of living, which also gets reflected in the cost of public services.

And also, existing mandatory tax exemptions creates fairness issues given our changing demographics. The tools local governments have are not sufficient to deliver property tax relief to all residents, especially renters, and we are already creating significant tax burden on many residents because of the unintended consequences of existing state statute. **Please support HB 13, and more local choice for municipalities in how we could deliver property tax relief to our residents who need it most.**

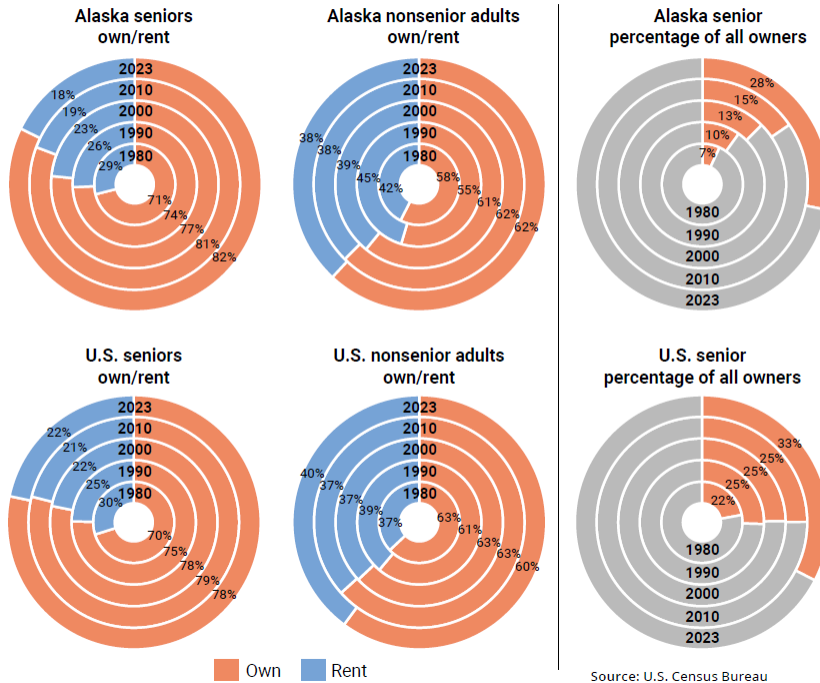
Thank you,

Anna Brawley

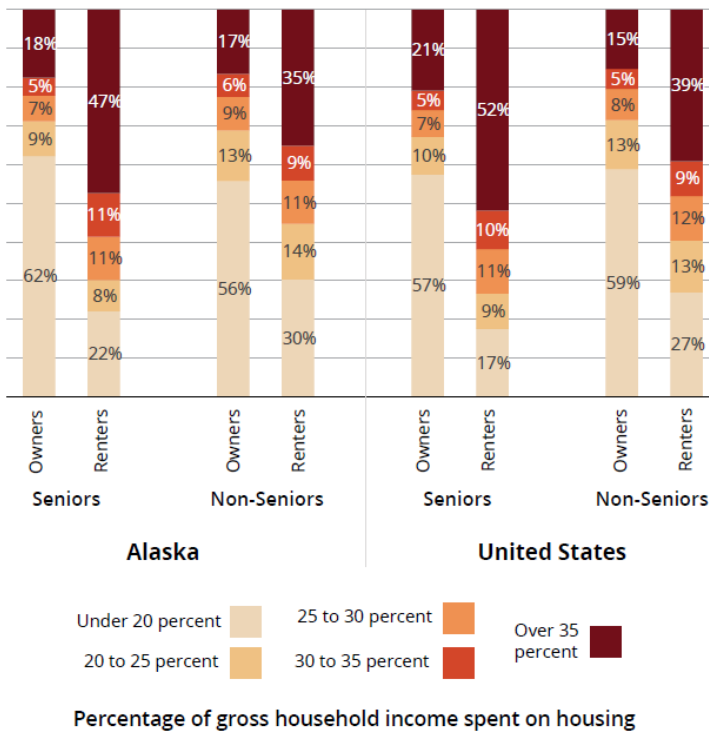
Assembly Member, District 3, West Anchorage
Municipality of Anchorage

Selected graphs from *Alaska Economic Trends*, March 2025:

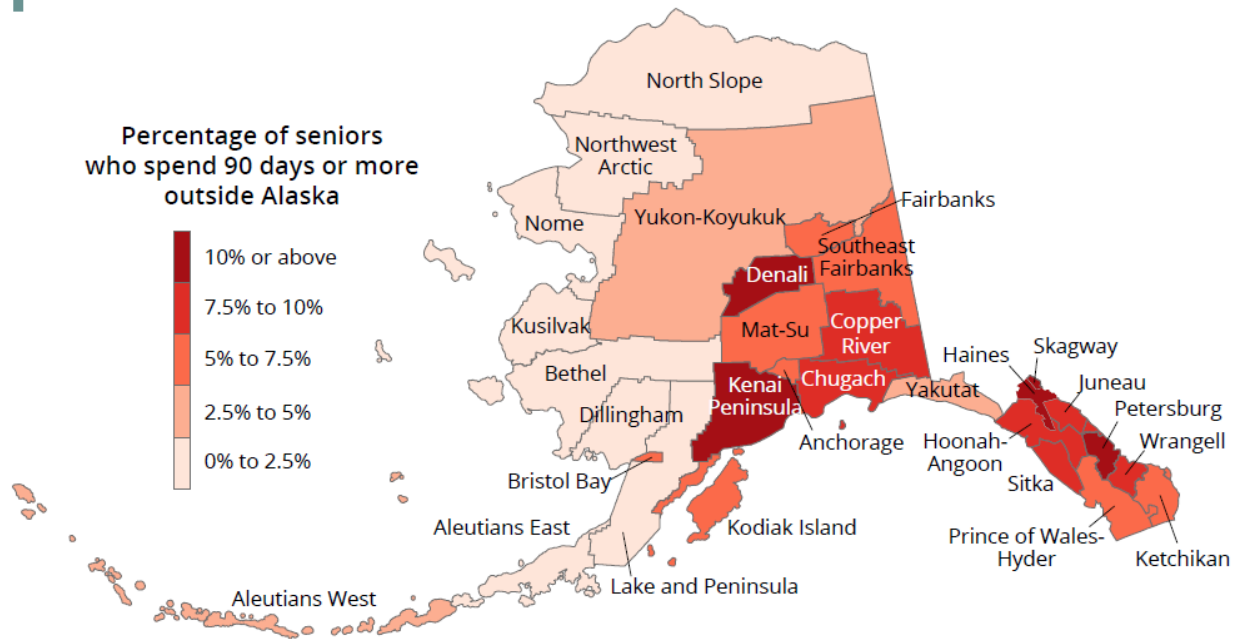
Seniors more likely to own homes, own a growing share of all homes



Renting seniors spend big slice on housing, 2023



Popularity of 'snowbirding' by those 65+ varies by Alaska area, 2024



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Source: Alaska DOLWD, *Alaska Economic Trends*, March 2025.

<https://live.laborstats.alaska.gov/sites/default/files/trends-mag-file/mar25.pdf>