

Subject: SB 77 - Oppose New 50% Tax

Date: Wednesday, April 5, 2023 at 1:20:36 PM Alaska Daylight Time

From: Grover G. Norquist

To: Sen. Forrest Dunbar

April 5, 2023

To: Members of the Alaska Senate
From: Americans for Tax Reform
Re: SB 77 – Oppose New Blight Taxes

Dear Senator,

On behalf of Americans for Tax Reform (ATR) and our supporters across Alaska, I write to express significant concern with SB 77, legislation that would sanction the imposition of new local taxes on all property deemed to suffer from “blight.” Not only does this bill lack any standards or safeguards against overbroad definitions of “blight,” but it also authorizes a massive new tax of up to 50%. **ATR opposes this new tax and its dangerous corresponding expansion of local regulatory authority.**

Seemingly intended to reduce the prevalence of unattractive buildings or those in disrepair, SB 77 implements a framework permitting municipalities to define blighted property and penalize them with a special tax. **As written, however, this framework would prove to be one of the broadest local blight-tax authorizations in the nation.** Municipalities could adopt virtually any definition of blight, while simultaneously slapping on a heavy new tax burden of up to 50% of existing property taxes. **For a resident of Anchorage paying the median property tax, a 50% blight-tax hike translates to an additional \$1,782 in annual property taxes.**

Unlike SB 77, blight-tax legislation in other states overwhelmingly includes specific definitions of what may constitute blighted property, or at the very least offer parameters that a municipality must adhere to when creating and enforcing the tax. **Narrow definitions are critical to preventing overzealous city councils from arbitrarily broadening the blight- tax base in search of more revenue.**

For example, the Georgia state constitution offers a detailed set of standards for regulating blighted properties, leading to more reasonable ordinances at the local level. Importantly, it begins with a statement of intent, ensuring that residents understand the purpose of the tax – lessening the need for increased governmental services – and encouraging community redevelopment.

Texas utilizes a short, crystal clear standard that is worth citing here in full. There is little ambiguity as to what a locality may consider a blighted property.

"Blighted area" means an area that is not a slum area, but that, because of deteriorating buildings, structures, or other improvements; defective or inadequate streets, street layout, or accessibility; unsanitary conditions; or other hazardous conditions, adversely affects the public health, safety, morals, or welfare of the municipality and its residents, substantially retards the provision of a sound and healthful

housing environment, or results in an economic or social liability to the municipality. The term includes an area certified as a disaster area as provided by Section 374.903.”

Other states that pre-define “blight” in authorizing new local taxes include Michigan, Washington, Nevada, and Pennsylvania. **Most states, however, do not allow local blight-taxes at all.**

Unfortunately, SB 77 fails to provide even one such limitation on what might constitute a blighted property. The framework before you is ripe for abuse by city officials and county governments, leaving low-income Alaskans to suffer any number of consequences, including foreclosure on their homes.

This is not a hypothetical scenario. Last year in Springfield, Illinois, a resident was charged \$63,000 in repair costs to their home. Unable to pay the bill, their home was placed in receivership and ultimately foreclosed.

Even in the absence of a large repair bill, any additional blight-tax – whether it’s 10%, 25%, or the maximum 50% – could easily prove too much for low-income Alaskans to afford, leading to eventual eviction. **Since SB 77 allows for any and all standards, no matter how broad or unnecessary, ordinary Alaskans could face strict supervision and a 50% property tax hike for something as simple as a broken window or front door** – or an unacceptable shade of paint – or grass that is too long – or untrimmed trees – or a house that city officials believe is simply too unattractive to be a part of the local community.

Alaskan families and businesses continue to struggle under record-high inflation and growing economic uncertainty. Especially at a time when many city governments enjoy large budget surpluses, it is unwise to open the door to a spate of brand-new, carte-blanche taxes that will hit those who can least afford it the hardest. **For these reasons, ATR strongly urges you to oppose SB 77, and firmly reject this new and regressive tax authorization.**

Sincerely,

Grover G. Norquist
President
Americans for Tax Reform

Federal & State Affairs | 722 12th St. NW, 4th Floor, Washington, DC 20005

Unsubscribe_senator.forrest.dunbar@akleg.gov

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