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SECTIONAL ANALYSIS

SB 77: MUNI PROP TAX EXEMPTION/TAX BLIGHTED PROP

Vers. R

Updated 4.17.24

Section 1: Amends *AS 29.45.050 Optional exemptions and exclusions* to allow municipalities to completely exempt property taxes for an economic development property. Currently, only the amount above the school district's local required contribution may be exempted.

Section 2: Adds a new section *AS 29.45.057 Levy of tax on blighted property* that allows municipalities to adopt an ordinance establishing a blight tax. The ordinance must include the following:

- Standards for determining if a property is blighted. The standards must include that the property meets one or more of the following criteria. The property:
 - Endangers public health and safety
 - Is a public nuisance under a local housing, building, plumbing, fire, or other related code or ordinance;
 - Is the subject or center of repeated illegal activity due to its unsecured, vacant, or deteriorated state; or
 - Has been vacant for no less than a year and is open to the elements, unfit for occupancy, or a fire hazard;
- A procedure for designating a property as blighted, notifying the property owner, and providing the property owner an opportunity to appeal;
- A tax rate for the blighted property that may not exceed 50% of the annual property tax assessed on the property;
- Standards for remediating or redeveloping the property so it will no longer be considered blighted;
- A duration of time and reduced tax rate for remediated properties.

To qualify for the reduced tax rate, the property owner must have a plan for remediating or redeveloping the property submitted to and approved by the municipality. The blight tax may be removed once they have begun the remediation or redevelopment process and are in compliance with the approved plan.

Municipalities may designate the tax revenue to be used for community redevelopment purposes.

Primary residences are exempt from this section.

Section 3: Allows home rule and first-class cities inside boroughs to levy a blight tax.

Section 4: Provides for an immediate effective date after enactment per AS 01.10.070(c).

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