



ONE SEALASKA PLAZA, SUITE 200 • JUNEAU, ALASKA 99801
TEL (907) 586-1325 • FAX (907) 463-5480 • WWW.AKML.ORG

Member of the National League of Cities and the National Association of Counties

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To: Senator Forrest Dunbar, Alaska State Legislature

Municipal Impact Statement

Issue: Property Tax Abatement and Blighted Property Tax Rates (SB77)

Impact: This bill as currently drafted would increase the number of tools available to local governments with property tax to facilitate community and economic development.

- Title 29 requires some mandatory exemptions and makes available many optional exemptions.
- Communities are looking for ways to address housing shortages and economic development.
- The bill would remove the floor for abatement, beyond 2.65 mils, providing for additional leverage to incentivize development.
 - The bill would not reduce the full value determination nor remove the minimum required local contribution to fund school districts.
- The bill would add the ability for a local government to tax blighted property at a different rate, complementing existing authority to offer incentives.

Relevant Principles (adopted by AML members):

- Support the Alaska Constitution's mandate "to provide for maximum local self-government."
- Support State policies that enable reduction of tax burdens and maintain local revenue authorities.

Relevant Policy (adopted by AML members):

- Support reductions to State policy that limits or specifies municipal exemptions and other actions, and support policy that expands municipal authorities and decision-making.
- Support state responsiveness to local economic development planning, including local economic diversification and small business development strategies.

Relevant Resolutions (adopted by AML members):

- [2019-02 – Requesting reimbursement of mandatory exemptions.](#)
- [2021-21 – Revie and make optional mandatory exemptions.](#)

Position: This legislation as currently drafted is consistent with AML's current policy to ensure that local governments have the tools necessary to encourage community and economic development, including that which leads to an increase in the overall tax base.

- AML supports the bill as currently (originally) drafted.