



ALASKA
MUNICIPAL
LEAGUE

Local Tax Legislation Update

2025 Municipal Tax
Conference

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State Preemption

- Long, long (decades, centuries) history of states placing limits on local taxation authority; baked into statutes and constitutions
 - Alaska: Article IX, §4
- Some good reasons for this –
 - Public purpose
 - Easing tax administration and compliance
- Adding new restrictions
 - Limit ability to raise revenues
 - Push tax burden onto narrower and narrower base (No exemption is free!)



Current Legislation

HB 1 Specie as Legal Tender

- **Sponsor:** McCabe
- **Cosponsors:** Rauscher, Moore, Stapp, Tilton, Allard, Tomaszewski, Prax, Coulombe, Ruffridge, Elam, Bynum, Stutes
- **Summary:** Would preempt local sales tax on gold and silver specie.
- **Considerations:** Current taxation occurs, and preemption unnecessary until process for use as legal tender occurs. Local governments may be forced to accept this currency.
- **Status:** First bill pre-filed, no hearings until May. Passed out of State Affairs, next stop Finance. Zero fiscal note.

HB 13 Municipal Property Tax Exemptions

- **Sponsor:** Gray
- **Cosponsors:** Eischeid, Fields, Galvin, Josephson, Mina
- **Summary:** Would create new optional exemptions for converting STRs to LTRs, new mobile home parks, low-income rentals, first-time homebuyers, duplicates “homestead exemption”. Would get us up to (ee) in 29.45.050.
- **Considerations:** Should already be allowable under economic development exemption. Reduces local revenue but not FVD.
- **Status:** Passed in the House near the end of session, Senate referrals are Community & Regional Affairs and State Affairs

HB 91 Marijuana: Tax/Retail Stores/Registration

- **Sponsor:** Carrick
- **Summary:** Second attempt to pass recommendations of Gov's Advisory Taskforce on Recreational Marijuana, reduce the cultivator tax from \$50/oz to \$12.50/oz and implement a NEW 6% retail sales tax at point of sale. \$10m fiscal note.
- **Considerations:** Interaction with local sales taxes.
- **Status:** Moved through State Affairs after four hearings and had one hearing in Finance near the end of session.

SB 73 Marijuana: Tax/Registration; Income Tax

- **Sponsor:** Claman
- **Summary:** Implements the reduces the cultivator tax to \$12/oz, but does NOT set up the retail sales tax. As a result, its “negative” fiscal impact is \$14M... even greater than HB91.
- **Considerations:** Potentially lower local tax revenue as wholesale prices are reduced
- **Status:** Moved through State Affairs after two hearing, was noticed (but not heard) in House State Affairs when the House thought the Senate bill would pass much faster, and is currently in Senate Finance.

HB 123 Taxation: Vehicle Rentals, Subpoenas

- **Sponsor:** McCabe
- **Cosponsors:** Dunbar, Cronk, Claman, Yundt
- **Summary:**
- **Considerations:** Creates an incentive for using out-of-state marketplaces, reducing local economic benefits.
- **Status:** Signed into law.

HB 169 Municipal Property Tax Exemption

- **Sponsor:** Tomaszewski
- **Summary:** Increases senior/disabled veteran property tax exemption to \$250,000.
- **Considerations:** Massive impact on local government revenue and operations in jurisdictions with property tax.
- **Status:** Referred to Community & Regional Affairs, and Finance; not heard.

SB 135 Refund of Fish Business Tax to Munis

- **Sponsor:** Seafood Industry Taskforce
- **Summary:** Increases municipal share of fisheries landing and fisheries business tax.
- **Considerations:** Increases municipal revenue, but creates reporting requirement.
- **Status:** Moved out of Resources, referred to Finance

Last Session

- SB 179 (Bjorkman) – Pre-empt real estate transfer tax

Included:

- SB 77 (Dunbar) – removed 2.65 mill floor from economic development exemption
- HB 347 / SB 242 (Coulombe, Kiehl) – sets standards for assessors [effective 2026] and requires assessors to meet with property owners [effective 2025]
- SB 161 (Bjorkman) – expands mandatory and optional farm exemptions

THANK YOU



Strengthening Local Governments