

Municipal Clerk's Office

Approved

Date: **Septemeber 13, 2022**

Submitted by: Assembly Vice Chair Constant and  
Assembly Members Dunbar, Quinn-Davidson, and Petersen

(S) Prepared by: Assembly Counsel

(S) For reading: September 13, 2022

**ANCHORAGE, ALASKA  
AO No. 2022-75(S)**

**AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY TO SUBMIT TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION THAT WOULD INCREASE THE RESIDENTIAL REAL PROPERTY TAX EXEMPTION EFFECTIVE JANUARY 1, 2023, AND UPON VOTER APPROVAL AND RATIFICATION, AMENDING ANCHORAGE MUNICIPAL CODE SECTION 12.15.015 ACCORDINGLY.**

**WHEREAS**, the majority of Anchorage's revenues come from property taxes and payments in lieu of property taxes, which are paid by Anchorage residents, businesses and property owners;

**WHEREAS**, property owners have indicated a desire for property-tax relief;

**WHEREAS**, House Bill 411 became law on July 11, 2022 providing Alaska communities the ability to increase **residential real** property tax exemptions from \$50,000 to \$75,000 when the law goes into effect on October 9, 2022; and

**WHEREAS**, Anchorage homeowners are feeling the impacts of record rates of inflation, and residential property appraisals increased an average of 8-10% in 2022 while commercial values remained flat or decreased at a similar rate; and

**WHEREAS**, a larger residential exemption could provide much-needed relief for homeowners beginning in [with] 2023 [tax bills]; and,

**WHEREAS**, state law, AS 29.45.050(a), requires changes to the residential real property exemption to be approved by voters; now, therefore

**THE ANCHORAGE ASSEMBLY ORDAINS:**

**Section 1.** Pursuant to state law [**AND THE ANCHORAGE MUNICIPAL CHARTER**], a ballot proposition in substantially the following form and substance shall be submitted to the qualified voters of the Municipality at the next regular municipal election:

**PROPOSITION NO. \_\_\_\_\_**

**RESIDENTIAL REAL PROPERTY TAX EXEMPTION INCREASE**

This proposition would increase the residential real property tax exemption **to 40% of the assessed value**, up to a maximum of \$75,000. Currently, 20% of a residential real property's value may be exempt from taxation, up to a maximum of \$50,000.

Shall the residential real property tax exemption be increased, as described above?

YES  NO

**Section 2.** Anchorage Municipal Code section 12.15.015 is hereby amended to read as follows (*the remainder of the section is not affected and therefore not set out*):

**12.15.015 Real property exemptions.**

\*\*\* \*\*

E. Municipal exemptions.

- 1. *Residential real property exemption.* **Forty [TWENTY]** percent of the assessed value of residential real property, up to a maximum of **\$75,000.00 [50,000.00]** of assessed value, shall be exempt from property taxation if:

\*\*\* \*\*

(AO No. 86-211(S-1); AO No. 88-158; AO No. 92-56; AO No. 94-228(S-2), § 1, 2-7-95; AO No. 95-199, § 1, 1-1-96; AO No. 97-146, § 1, 1-1-98; AO No. 2003-149, § 1, 11-4-03; AO No. 2008-18, § 1, 2-12-08; AO No. 2009-133(S-1), § 2, 1-12-10; AO No. 2011-16, § 2, 2-1-11; AO No. 2011-37(S), § 1, 4-12-11; AO No. 2011-108(S), § 1, 11-22-11, retro eff. 1-1-10; AO No. 2012-1, § 2, 4-3-12; AO No. 2014-150(S), § 1, 2-3-15; AO No. 2016-118(S), § 1, adopted 12-20-16; AO No. 2017-154, § 2, 12-19-17; AO No. 2019-102, § 1, 9-10-19; AO No. 2020-96, § 4, 9-1-21\*)

**Section 3. The proposition language in Section 1 shall have amendments incorporated and an appropriate appearance for voter comprehension when placed on the ballot.**

**Section 4. Except as stated otherwise in this section, t[T]his ordinance is effective immediately upon passage and approval by the Assembly. [THE PROPOSITION CONTAINED IN] Section 2[4] of this ordinance is effective January 1, 2023 and[, AND SECTION 2] shall become effective retroactively to that date if, and only if, the proposition contained in S[S]ection 1 of this ordinance is approved by a majority of the voters voting on the question.**

PASSED AND APPROVED by the Anchorage Assembly this 13th day of September, 2022.



ATTEST:

Chair



Municipal Clerk

# MUNICIPALITY OF ANCHORAGE



## ASSEMBLY MEMORANDUM

No. AM 461-2022

Meeting Date: September 13, 2022

1 **From:** Assembly Vice Chair Constant and Assembly Members Dunbar  
2 & Quinn-Davidson  
3

4 **Subject:** AO 2022-75(S): AN ORDINANCE OF THE ANCHORAGE  
5 MUNICIPAL ASSEMBLY TO SUBMIT TO THE QUALIFIED  
6 VOTERS OF THE MUNICIPALITY OF ANCHORAGE A BALLOT  
7 PROPOSITION THAT WOULD INCREASE THE RESIDENTIAL  
8 REAL PROPERTY TAX EXEMPTION EFFECTIVE JANUARY 1,  
9 2023, AND UPON VOTER APPROVAL AND RATIFICATION,  
10 AMENDING ANCHORAGE MUNICIPAL CODE SECTION 12.15.015  
11 ACCORDINGLY.  
12

13 In 2022, the majority of homeowners and residential property owners in the  
14 Municipality of Anchorage saw their **assessed property values increase**, often by  
15 more than 10%. The Municipality also, however, saw a **decrease in the average**  
16 **millage rate** from 17.69 in 2021 to 16.84 in 2022, which meant most property  
17 owners saw their taxes remain flat or decrease slightly (due to the opposing factors  
18 of **increasing values and dropping millage rates**). Nonetheless, some property  
19 owners did see a rise in their tax bill. To counter this, and to benefit all residents  
20 facing inflation and other challenges, we propose increasing the residential real  
21 property tax exemption in the Municipality of Anchorage, made possible by a new  
22 state law.

23  
24 House Bill 411, which amended Alaska Statute 29.45.050(a), became law on July  
25 11, 2022 without Governor Dunleavy's signature. Among other things, it allows  
26 Alaska municipalities to increase the optional residential real property tax exemption  
27 from \$50,000 to \$75,000. Any municipality that wishes to increase its residential real  
28 property exemption must pass an ordinance ratified by the voters at an election to  
29 be effective. This proposed ordinance invokes this new statutory authority and  
30 increases the owner-occupied residential real property exemption in Anchorage  
31 Municipal Code subsection 12.15.015E.1. to 40% of the assessed value of  
32 residential real property, up to a maximum of \$75,000, and submits the question to  
33 the voters for ratification at the April 4, 2023 regular election.

34  
35 The (S)-version of the proposed ordinance adds these two significant features:

36  
37 **1. Percent of assessed value eligible for exemption.** The percentage of a  
38 residential property's assessed value that may be exempted is increased from the  
39 current twenty percent (20%) to forty (40%). At an Assembly work session August  
40 26, 2022, the Assembly sponsors discussed the effect of this percentage of  
41 assessed value exemption limit, seeking the level that would be both beneficial to  
42 owners of residential property valued less than the average price of a single-family  
43 home, or approximately \$400,949 and the greatest number of homeowners across

1 the Municipality. By increasing the exemption percentage to forty, residential  
2 properties with an assessed value less than \$187,500 will see their exemption  
3 double. Residential properties with an assessed value equal to or greater than  
4 \$187,500 will receive the maximum exemption of \$75,000. It is expected that the  
5 change will benefit all properties up to \$800,000 in assessed value.

6  
7 **2. Effective date.** The original ordinance did not specify an effective date for  
8 the Code amendment, and per Assembly Counsel by operation of law it would  
9 become effective for the following tax year 2024. The (S) version makes it effective  
10 for the 2023 tax year, subject to ratification by the voters, so that residents can see  
11 the benefit as soon as possible. Because tax rates are set by Assembly only after  
12 the regular election, it should not be a burden for the Administration to implement  
13 the changed amount of exemption for tax bills for the 2023 tax year after certification  
14 of the election results.

15  
16 **3. Other changes.** The (S) version also amends the AO Title to reflect the  
17 effective date and accurately describe the voter action as “ratification,” and adds a  
18 new Section 3 to the ordinance, which authorizes the Municipal Clerk to incorporate  
19 amendments to the proposition language in a clean form to the voters, which is  
20 necessarily implied but now made expressly authorized. Finally, the (S) version  
21 includes some minor changes for clarification.

22  
23 Increasing the amount of the owner occupied residential real property tax exemption  
24 will shift some of the tax burden off many homeowners, a much-needed reprieve in  
25 this time of unprecedented inflation.

26  
27 **We request your support for the (S) version of the ordinance.**

28  
29 Prepared by: Assembly Counsel's Office  
30 Respectfully submitted: Christopher Constant, Assembly Vice Chair  
31 District 1, North Anchorage  
32  
33 Forrest Dunbar, Assembly Member  
34 District 5, East Anchorage  
35  
36 Austin Quinn-Davidson, Assembly Member  
37 District 3, West Anchorage