

ASSEMBLY MEMBER **DANIEL VOLLAND**

# CUTTING OUR SMALL BUSINESSES A BREAK

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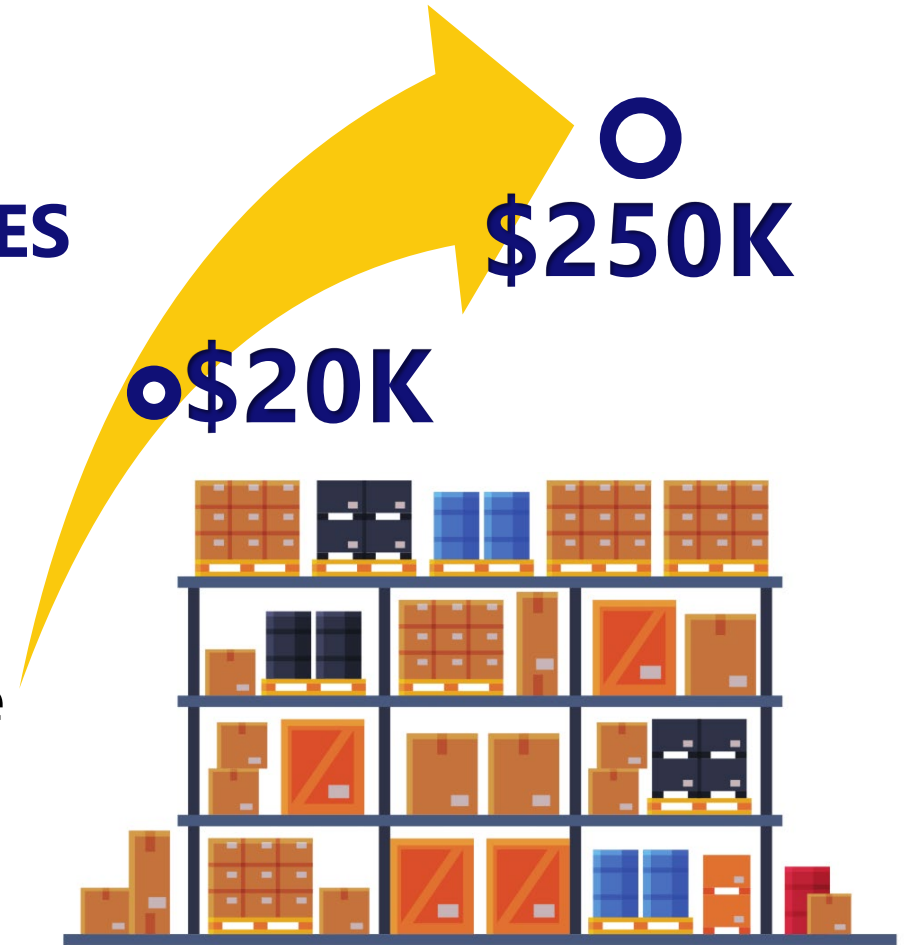


# ABOUT A0 2025-56

## INCREASES THE EXEMPTION FOR BUSINESS PERSONAL PROPERTY TAXES

Business personal property tax is a levy on the **equipment, furnishings, vehicles and inventory** businesses need to operate—things like desks, computers, and kitchen appliances.

As proposed, the ordinance would increase the **exemption threshold** from \$20K to \$250K.



# THE 'WHY'

## GOALS

1. Support Anchorage as a more competitive business environment relative to neighboring communities
2. Provide relief to small businesses that create local jobs in a competitive market with online retailers and big box stores
3. Carefully balance relief with impacts of shifting the tax burden.

## CONSIDERATIONS

- Difficult tax to enforce and some are unaware they have to file/pay
- Disparities between service-based businesses and product-based businesses (retailers, local manufacturers)
- Small businesses are facing increased uncertainty arounds costs: Tariffs and other federal issues, an increase in the minimum wage, etc.
- Existing senior and residential exemptions


# THE 'WHAT'

Municipality of Anchorage Tax Notice      TAX YEAR 2024

Property ID#	Property Description					Tax District	Assessed Value	Taxable Value
500305001	Business Personal Property					01	295,016	275,016
PROPERTY TAXES						TAX MILL RATES		
DETAIL DESCRIPTION	TAX AMOUNT	INTEREST	PENALTY	COSTS	TOTAL AMOUNT	SERVICE AREA	MILL RATE	DISTRIBUTION
Current Tax Year Due	4,740.14	0.00	0.00	0.00	4,740.14	Areawide General	0.300	88.08
						ASD	6.670	1,958.30
						Anchorage Fire Protecti	2.260	663.53
Total Due	4,740.14	0.00	0.00	0.00	4,740.14	Anchorage Road & Drail	2.560	751.61
						Anchorage Police	3.630	1,065.76
						Anchorage Parks & Rec	0.680	199.65
						ANCHORAGE BUILDIN	0.045	13.21
						DISTRICT TOTAL	16.145	4,740.14

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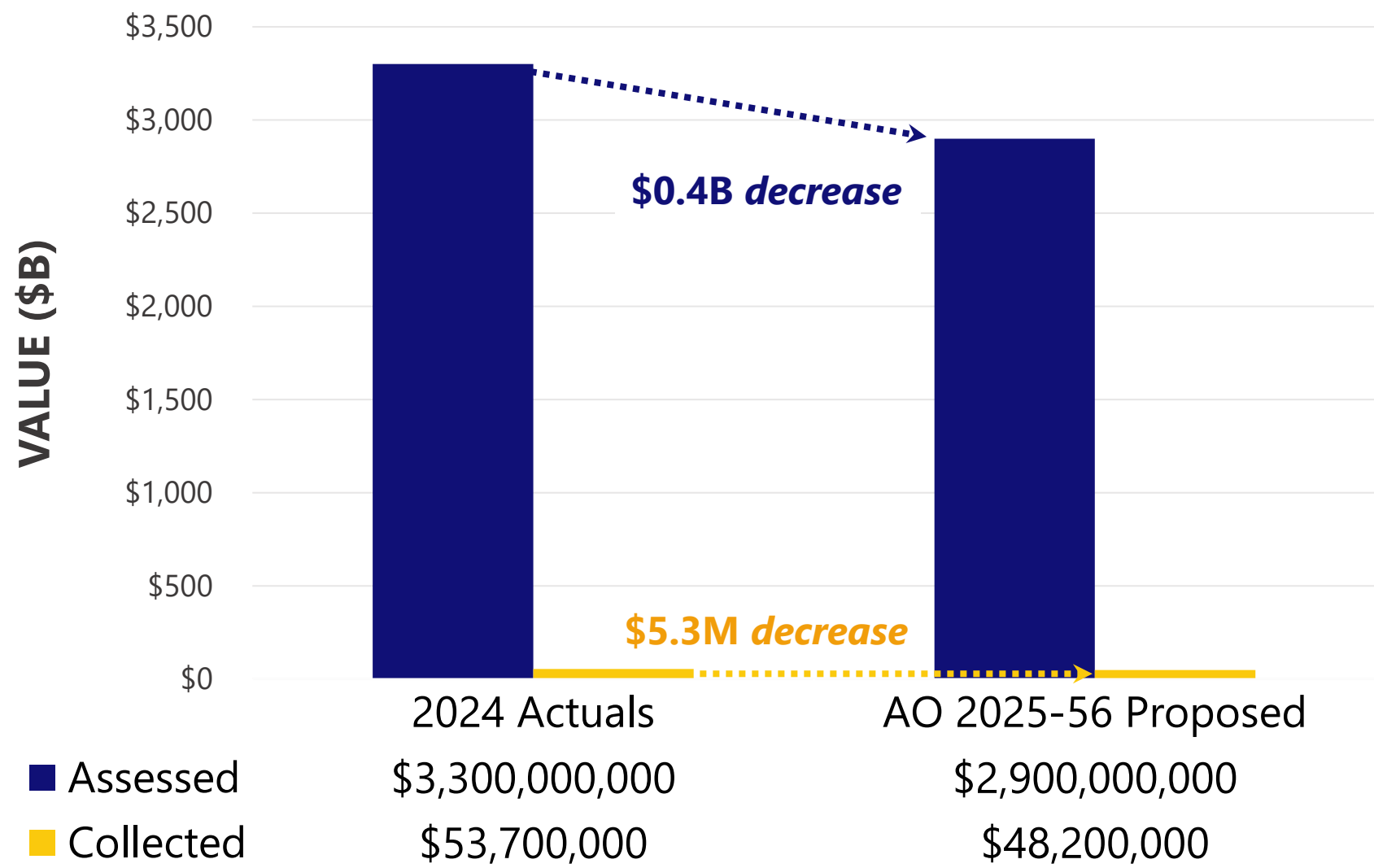
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To avoid penalty and interest, it is your responsibility to ensure payment is made on or before due date.

**BUSINESS PERSONAL PROPERTY**

- Please note: The taxable value shown above is 'net' of the \$20,000 automatic exemption. If your business has multiple locations, the 20,000 is applied to each location in proration to its assessed value.

# ASSESSED VALUE vs. TAXES COLLECTED



# COMMUNITY COMPARISONS

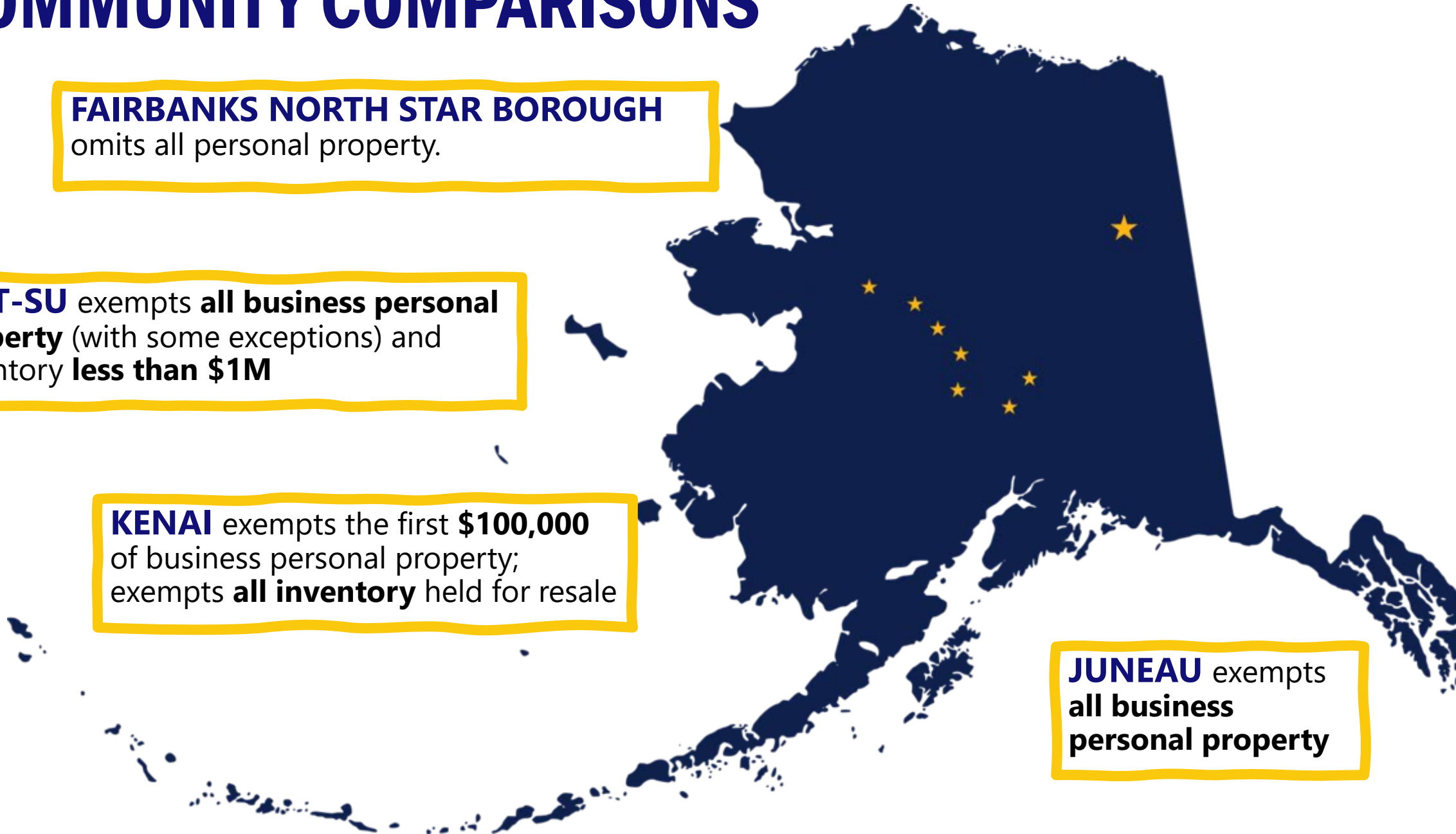
## FAIRBANKS NORTH STAR BOROUGH

omits all personal property.

**MAT-SU** exempts **all business personal property** (with some exceptions) and inventory **less than \$1M**

**KENAI** exempts the first **\$100,000** of business personal property; exempts **all inventory** held for resale

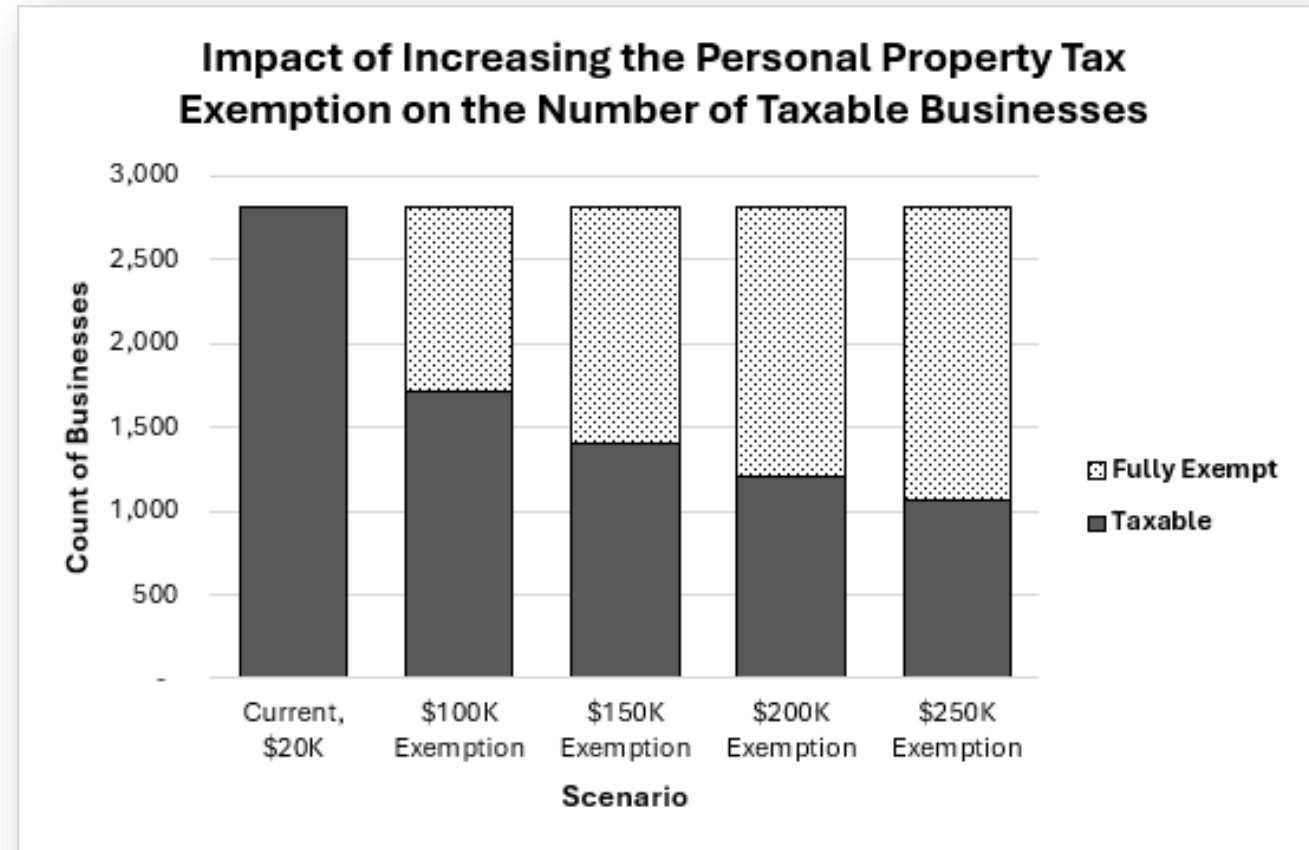
**JUNEAU** exempts **all business personal property**



# SCENARIOS & EFFECTS

## CONSIDERATIONS

- Enforcement Capacity
- Shift in Tax Burden



**SEE WORKSESSION HANDOUT**

# SCENARIOS & EFFECTS

## THE BURDEN SHIFT

As currently taxable property valuation becomes exempted, that **'loss' is shifted** and collected from all other taxable real and personal property in MOA, increasing mill rates and tax bills.

Expected Change in the tax liability derived from an increase in the Personal Property Exemption\*

Scenario	Total Exemption Increase (millions)	Mill Rate, tax district 3	Tax Bill Per \$100K of Taxable Value, tax district 3	Marginal Cost (shift) per \$100k of Taxable Value, tax district 3	Estimated increase in Tax bill for the median single-family home (\$450k valuation)
Current, \$20K	N/A	16.15	\$1,615	N/A	
\$100K Exemption	\$173.5	16.21	\$1,621	\$6	
\$150K Exemption	\$250.9	16.26	\$1,626	\$11	
\$200K Exemption	\$316.0	16.29	\$1,629	\$14	
\$250K Exemption	\$373.0	16.31	\$1,631	\$16	

\*Using 2024 data and keeping everything else constant, the data above estimates what the impact would be on the remaining tax base, which includes real and personal property.

## WHAT DO YOU THINK?



Much thanks to the Municipal Assessor for analyzing the several scenarios.

# THANK YOU.

**DANIEL VOLLAND**

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