

Municipality of Anchorage Budget Advisory Commission

Resolution 2022-01 Regarding AO 2022-75(S), Submitting to Voters a Ballot Proposition Approving an Increase the Residential Real Property Tax Exemption

Whereas The Municipal Budget Advisory Commission (BAC) is an independent, volunteer-led citizen advisory board responsible to provide the assembly, the mayor, the school board, and the superintendent of schools well-informed advice as to budgets and budgeting process, as outlined in AMC 4.50.030; and

Whereas Under AMC 4.50.030, the purpose of the commission is to provide the assembly, the mayor, the school board and the superintendent of schools well-informed advice as to the budgets and budgeting process from citizen commission members who provide a broad, rather than a specific issue, interest in the budgets; and

Whereas Most of Anchorage's revenues for general government operations come from property taxes, which are paid by Anchorage residents, businesses and property owners; and

Whereas Anchorage residential property appraisals increased significantly in 2022, an average of 8 to 10%, while commercial property values remained flat or decreased at a similar rate; and

Whereas An increase in residential property's assessed value, combined with the mill rate which determines the rate of taxation, may significantly increase the tax burden of a residential owner;

Whereas The current allowable residential property tax exemption under AMC 12.15.015 is the lesser of up to \$50,000 in value, or a maximum of 20% assessed value; and

Whereas Alaska House Bill 411 became law on July 11, 2022, providing Alaska municipalities the ability to increase allowed property tax exemption from \$50,000 to \$75,000 in assessed value; and

Whereas The maximum of 20% allowed exemption of assessed value has a significant limiting effect on residential tax relief for small and lower-value residential properties, disproportionately impacting owners of condominiums and small homes; and

Whereas Increasing the allowed percentage of assessed value that may be exempted up to 40% of assessed value would significantly increase available tax relief for owners whose properties whose assessed value is less than \$800,000, with the largest benefit to homes below \$200,000; and

Whereas Limiting the allowed percentage of assessed value that may be exempted to less than 50% would ensure that all residential owners remain responsible for a majority of their overall tax liability as a property owner within the Municipality; and

Whereas State law requires voter approval for any change to the residential real property tax exemption;

Whereas The BAC supports efforts to create a more equitable property tax system and relief to homeowners; and

Whereas The BAC recognizes that tax relief for residential owners necessarily shifts the tax burden to other taxpayers, and should be used narrowly to achieve equitable and fair tax obligations across the community; and

Whereas On September 13, 2022 the Anchorage Assembly approved AO 2022-75(S) to be placed on the ballot for the April 4, 2023 regular election;

Now Therefore Be It Resolved:

The BAC supports the proposition language approved in AO 2022-75(S) to be put before Municipality of Anchorage voters during the April 4, 2023 regular election.

Passed and approved on this date: October 13, 2022

Anna Brawley



Budget Advisory Commission, Chair