

Kenai Peninsula Borough

Mayor's Office

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

FROM: Peter A. Micciche, Mayor *PAM*

DATE: November 20, 2025

RE: Resolution 2025-046, Requesting the Alaska Legislature Provide Municipalities Authority to Enact a Cap on Real Property Tax Assessments Increases (Mayor)

The current KPB Administration budget philosophy is intentional. A maximum 2.5% CPI-based budget is about affordability for citizens, predictability for the long term and systemic sustainability to ensure adequate revenue without generating excess that can lead to unsustainable and insatiable future services and programs. Our KPB system works best on the forefront with a smooth long-term curve of revenue.

State law currently mandates that a municipality assess all property at full and true value as of January 1 of a tax year. Full and true value must be determined based on market value – “the estimated price that the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer...”.

In recent years, the State law requirement has resulted in exorbitant increases (34% in three years) in assessed values for taxpayers. Sudden increases result in disrupting the KPB affordable, predictable and sustainable CPI-based model, cause a jagged response by the municipality and increase the likelihood of the KPB over-collecting revenue at a level potentially harmful financially for taxpayer families.

The resolution requests amendments to Title 29 to provide municipalities the flexibility, or option, to enact an ordinance that would cap year-over- year increases to assessed values, specifically for properties where the title has not transferred and have not undergone improvements. In addition, the resolution requests that the State not penalize a municipality for enacting a cap on assessments. The requested changes to State law will provide assessment stability and predictability for taxpayers.

Your consideration is appreciated.