

## Senior Citizen and Disabled Veteran Property Tax Report

Under [Alaska Statute 29.45.030](#) – **Required Exemptions**, “(e) the real property owned and occupied as the primary residence and permanent place of abode by a resident who is (1) 65 years of age or older; (2) a disabled veteran; or (3) at least 60 years of age and a widow or widower of a person who qualified for an exemption, is exempt from taxation on the first \$150,000 of the assessed value of real property.” The municipality must establish procedures by ordinance and deadlines for filing an application and may require that the individual has met or would meet the residency requirements eligible to receive an Alaska Permanent Fund dividend for that year. Language in this section of statute also reads that the State shall reimburse a borough or city, as appropriate, for the real property tax revenues lost to it by the operation of (e). Historically, the State has not appropriated funding for reimbursement, therefore this required exemption remains an “unfunded mandate”.

A municipality may increase the amount of the exemption by more than \$150,000. Under [AS 29.45.050](#) – **Optional exemptions and exclusions**, “(i) a municipality **may by ordinance approved by the voters** exempt from taxation the assessed value **that exceeds \$150,000** of real property owned and occupied as a permanent place of abode by a resident who is 65 years of age or older, a disabled veteran, or at least 60 years of age and a widow or widower of a person who qualified for either exemption.”

The Kenai Peninsula Borough and Haines Borough by a vote the electors have increased the Senior Citizen and Disabled Veterans property tax exemption up to a maximum of \$300,000. Kenai Peninsula Borough further provided an unlimited amount for eligible disabled veterans. (All subject to procedures and deadlines further outlined in their code of ordinances)

Jordan Nelson, Finance Director, has provided an analysis of foregone property tax revenue based on current applications received and granted at the mandatory \$150,000 exemption, and up to \$300,000. (Attachment A).

In researching how other Alaska cities and boroughs provide property tax exemptions, it was interesting to find that the Kenai Peninsula Borough Code includes a “property tax credit” for disabled residents. Pursuant to [KPB 5.13.080](#), a single parcel of residential real property, owned or partly owned, and occupied as a primary residence and permanent place of abode by a disabled resident applicant may be eligible for a **tax credit** up to a maximum amount of \$500 of such tax (application required must meet criteria and there are exceptions).

In conclusion, if the city council supports increasing the Senior Citizen and Disabled Veteran property tax exemption, an ordinance must be adopted and ratified by the voters. For this provision to take effect for the 2027 tax year a special election would need to take place no later than February 1, 2027. Consideration at the regular municipal election in 2027 would make the provision that effect for 2028.

