



## JOINT CITY COUNCIL AND FINANCE AND BUDGET WORK SESSION - AMENDED FOR TIME

Wednesday, February 18, 2026 at 7:00 PM

### AGENDA

*Our Vision. To have an infrastructure and city workforce that supports a sustainable, diversified and growing economy. We will partner with others to achieve economic development and other common goals that assure a high quality of living, and excellence in education.*

#### MEETING INFORMATION

#### Amended- JOINT CITY COUNCIL AND FINANCE AND BUDGET WORK SESSION CITY HALL COUNCIL CHAMBERS

141 Main Street, Dillingham, AK 99576 (907) 842-5212

This meeting will also be available at the following online location: Zoom

Meeting ID: 920 483 0473; passcode: 99576

Or dial: 1(719)359-4580 or 1(253)205-0468

#### CALL TO ORDER

#### SESSION BUSINESS - Discussion on Taxation, Annexation and Borough formation

1. Special Guest, Mary Swain of Bristol Bay Borough  
Fisheries Business Tax (sunset clause now removed)
2. Information from the Alaska Department of Revenue, Tax Division
3. Special Guests, Division of Community & Regional Affairs (DCRA)  
Sonya Pevan, MMC Local Government Specialist 4  
Introductions, Overview of Resources Available  
Jed Smith Local Government Specialist 4  
Local Boundary Commission
4. Special Guest, Dan Nelson, State Assessor  
Property Tax 101(B)  
<https://www.commerce.alaska.gov/web/Portals/4/pub/OSA/Property%20Tax%20101.pdf>
5. Follow up questions

#### PUBLIC/COMMITTEE COMMENT(S)

#### ADJOURNMENT

#### Informational

6.

CHAPTER 3.18  
FISHERIES BUSINESS TAX

**§ 3.18.010. Definitions.**

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

"Borough" means the Bristol Bay Borough.

"Department" means the borough finance department.

"Filed" means the date of personal delivery to the borough or, if mailed, the date of the United States postmark.

"Fisheries business" means a person who engages in processing fisheries resources for sale by freezing, cooking, salting, or other method and includes but is not limited to canneries, cold storages, freezer ships, and processing plants.

"Fishery resource" means finfish, shellfish, and fish by-products, including but not limited to salmon, halibut, herring, flounder, crab, clam, cod, shrimp, and pollock.

"Floating fisheries business" means a fisheries business which is not a shore-based fisheries business; the term includes, but is not limited to, a shore-based fisheries business as defined in this section when it is removed from the borough.

"Person" means an individual, partnership, association, limited liability company, cooperative, corporation, or any group or combination acting as a unit.

"Processed" means heading, gutting, cleaning, filleting, canning, freezing, glazing, or otherwise preserving a fishery resource.

"Shore-based fisheries business" means a fisheries business operated from a facility which is permanently attached to the land, or operated from a facility which remains in the same location in the borough for the entire tax year.

"Taking" means pursuing, fishing, capturing, or harvesting a fisheries resource in any manner.

"Taxpayer" means a person subject to tax under Section 3.18.020 or 3.18.050 of this chapter.

"Value" means:

- A. The market value of the fishery resource as determined by the prevailing price paid to fishermen for the unprocessed fishery resource of the same kind and quality by fisheries businesses in the same region or market area where the fishery resource was taken if:
  1. The taking of the fishery resource is done in a boat owned or leased by a person who holds a direct marketing fisheries business license under AS 43.75.020(c); and
  2. The fishery resource was sold to a buyer other than a fishery business licensed

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under AS 43.75.020(a);

- B. For fisheries resources other than those described in subsection A of this definition, the market value of the fishery resource if the taking of the fishery resource is done in company-owned or company-subsidized boats operated by employees of the company or in boats that are operated under lease to or from the company or other arrangement with the company and if the fishery resource is delivered to the company; in this subsection, "company" means a fisheries business, a subsidiary of a fisheries business, or a subsidiary of a parent company of a fisheries business; "company" does not include a direct marketing fisheries business licensed under AS 43.75.020(c); or
- C. For fishery resources other than those described in subsection A or B of this definition, the actual price paid for the fishery resource by the fisheries business to the fisherman, including, but not limited to, indirect consideration and bonus amounts paid for fuel, supplies, gear, ice, handling, tender fees, or delivery, whether paid at the time of purchase of the fishery resource or tendered as a deferred or delayed payment; in this subsection, "delivery" means:
1. Transportation of the fishery resource from the boat or vessel on which the product was taken to a tender; or
  2. If delivery was not to a tender, transportation of the fishery resource from the boat or vessel on which the product was taken to a shore-based facility in which delivery of the fishery resource is normally accepted.

"Vessel" means all watercraft powered, rowed, towed, or otherwise propelled, which are used for taking, delivering, processing, or selling a fishery resource within the jurisdiction of the borough.

"Weight" means the poundage of a processed fishery resource.  
(Ord. 2019-06 § 3(part), 2019; Ord. 2020-03 § 3, 2020)

### **§ 3.18.020. Tax levied on fisheries business.**

- A. A person engaged in a fisheries business is liable for and shall pay the tax levied by this section on the value of each of the following fisheries resources processed during the year at the rate of one and one-half percent: fisheries resources processed by a shore-based fisheries business, fisheries resources processed by a floating fisheries business, and fisheries resources processed under a direct marketing fisheries business license.
- B. For purposes of determining the value of a fishery resource on which a tax is levied under this section, the department may establish a presumption of market value for a fishery resource in a region or market area based on a volume weighted average of market values for the fishery resource reported on returns filed under this chapter or AS 43.75.030 by fisheries businesses operating in the region or market area. A taxpayer who appeals an assessment of taxes based on a presumption of market value determined by the department under this subsection may rebut the presumption with substantial evidence of:

## § 3.18.020

## § 3.18.040

1. The prevailing price paid to fishermen for the fishery resource of the same kind and quality by fisheries businesses in the same region or market area where the fishery resource was taken, if the taxpayer holds a direct marketing fisheries business license under AS 43.75.020(c) and the fishery resource on which the tax is levied is processed under that license; or
  2. The true market value of the fishery resources if the taking of the fishery resource is done in a company-owned or company-subsidized boat operated by employees of a fisheries business, a subsidiary of the fisheries business, or a parent company of the fisheries business.
- (Ord. 2019-06 § 3(part), 2019)

**§ 3.18.030. Exemption for first fifty thousand pounds.**

The first fifty thousand pounds of fishery resource processed by a taxpayer in a calendar year that would otherwise be subject to taxation under Section 3.18.020 or 3.18.050 of this chapter is exempt from such taxation.

(Ord. 2019-06 § 3(part), 2019)

**§ 3.18.040. Filing return and payment of tax.**

- A. A person subject to the tax shall file a return stating the value of fisheries resources processed during the license year, computed as required by this chapter, and such other information as the department prescribes by regulation. The return must show the state license number and must be signed by the taxpayer or an authorized agent. If a receiver, trustee, or assign is operating the property or business, that person shall file the return for the person. A tax due on the basis of such a return shall be collected in the same manner as if collected from the person of whose business the receiver, trustee, or assign has custody and control.
- B. The return shall be made on a calendar year basis and submitted to the department before April 1st after the close of the calendar year.
- C. The department may adopt regulations for the granting of a reasonable extension of time for filing and may grant an extension of time for filing.
- D. The tax shall be paid by April 30th after the close of the calendar year or shall be subject to the penalties under Section 3.18.120 of this chapter.
- E. Every person engaging or attempting to engage in a business for which a tax is imposed under this chapter shall keep records, make statements under oath, file returns, and comply with all regulations that the department may adopt.
- F. When the department considers it is necessary, it may require a person, by notice served upon the person, to file a return, make such statements under oath, or keep and display to it such records as it considers sufficient to show the tax for which the person is liable. If a person fails to file a return as prescribed by law or by regulation, or makes, willfully or otherwise, a false or fraudulent return, the department shall make the return from the information that it can obtain. A return

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made by the department is prima facie good and sufficient for all legal purposes, and the taxpayer may be subject to penalties under Sections 3.18.130 and 3.18.170 of this chapter.

(Ord. 2019-06 § 3(part), 2019)

### **§ 3.18.050. Tax imposed on taking of fishery resource.**

- A. A person taking, purchasing, or otherwise acquiring a fishery resource that has not been subject to the tax imposed in Section 3.18.020 of this chapter is subject to the tax levied in Section 3.18.020 of this chapter on the value of the fishery resource if the person:
1. Transports the fishery resource to a point outside the taxing jurisdiction of the borough for subsequent processing or sale outside the taxing jurisdiction of the borough;
  2. Sells the fishery resource outside the taxing jurisdiction of the borough; or
  3. Has the fishery resource processed by a fisheries business in the borough.
- B. The rate of tax that shall be paid by a person whose liability for the tax is established by this section is the rate of tax that would have been due under Section 3.18.020 of this chapter if the fisheries business that first actually and physically processed the fish had been liable to pay the tax.

(Ord. 2019-06 § 3(part), 2019)

### **§ 3.18.060. Duty of taxpayer and payment of tax.**

A person subject to taxes under Section 3.18.050 of this chapter shall make a return stating the value of fisheries resources taken, purchased, or otherwise acquired during the license year for sale to fisheries businesses outside of the taxing jurisdiction of the borough computed as required by Section 3.18.040 of this chapter, and other information to carry out the provisions of Section 3.18.040 of this chapter as may be prescribed by the department. The return must contain the state license number and must be signed by the taxpayer or an authorized agent, under penalty of unsworn falsification in the second degree. If a receiver, trustee, or assign is operating the property or business, that person shall make the return for the person. A tax due on the basis of such return shall be collected in the same manner as if collected from the person of whose business the receiver, trustee, or assign has custody and control. The requirements for time and place of payment of tax, and the obligation to keep records and make the records available to the department are the same as those prescribed in Section 3.18.040 of this chapter.

(Ord. 2019-06 § 3(part), 2019)

### **§ 3.18.070. Regulations.**

The borough manager may promulgate regulations to implement and administer this chapter.

(Ord. 2019-06 § 3(part), 2019)

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**§ 3.18.080. Assembly to rule on application of chapter.**

Should a taxpayer under this chapter be in doubt as to the application of the chapter to an actual situation facing him or about to face him, the taxpayer may apply to the assembly for a ruling on the issue.

(Ord. 2019-06 § 3(part), 2019)

**§ 3.18.090. Protest of tax–Procedure.**

- A. In the event a taxpayer believes all or some portion of his or her fisheries business to be exempt, the taxpayer may secure from the department a certificate of protest, which shall be filled out by the taxpayer and delivered to the department with the amount of the disputed tax.
- B. The certificate shall show the respective names and addresses of the taxpayer, the nature of the claim of exemption, and such other information as may be prescribed by the department.
- C. The certificate of protest shall be delivered to the department within ten days prior to the date of the regularly called meeting of the assembly.
- D. The taxpayer shall be advised in writing of the date the protest will be heard.
- E. At the date of the next regularly called meeting of the assembly a public hearing will be held with an opportunity for the taxpayer and the department to be heard. If the taxpayer filing the certificate of protest fails to appear at the public hearing scheduled to hear that protest, the protest is deemed denied, and no further action on the protest will be taken by the assembly.
- F. No later than sixty days after receipt by the borough of the certificate of protest, the assembly will rule on the protest and send to the taxpayer a notice that his or her claim has been allowed or disallowed. If the claim has been allowed, a refund, with six percent annual interest from the date of receipt of tax moneys, shall be remitted with the notification. The decision of the assembly shall be rendered in writing and shall be final, subject to judicial review.

(Ord. 2019-06 § 3(part), 2019)

**§ 3.18.100. Returns and information declared confidential–Exceptions.**

Returns filed with the borough for the purpose of complying with the terms of this chapter and all data obtained from such returns are confidential, and such returns, and data obtained therefrom, shall be kept from inspection by all private persons, except as necessary to investigate and prosecute violations of this chapter.

Nothing contained in this section shall be construed to prohibit the delivery to a person, or his duly authorized representative, of a copy of any return or report filed by him, nor to prohibit the publication of statistics so classified as to prevent the identification of particular taxpayers, nor to prohibit the furnishing of information on a reciprocal basis to other agencies of the state or the United States concerned with the enforcement of tax laws.

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(Ord. 2019-06 § 3(part), 2019)

**§ 3.18.110. Investigations and hearings authorized.**

For the purpose of ascertaining the correctness of return, the assembly may hold investigations and hearings concerning any matters covered by this chapter, and may examine any relevant books, papers, records, or memoranda of any taxpayer and may require the attendance of any taxpayer, or any officer or employee of the taxpayer, at the hearing. The assembly may engage the professional services of an accountant or auditor to assist in the determination of the correctness of the returns.

(Ord. 2019-06 § 3(part), 2019)

**§ 3.18.120. Failure to timely file a return.**

A taxpayer who fails to file a return by the due date as required by this chapter, or who fails to remit taxes due by the due date, is subject to an initial penalty of ten percent of the tax due and an additional penalty of five percent per month.

(Ord. 2019-06 § 3(part), 2019)

**§ 3.18.130. Falsification or misrepresentation of records–Penalties.**

Falsification, unless demonstrated to be unwillful, or misrepresentation of any record required hereunder, subjects the person making such falsification or misrepresentation to a penalty two times the amount of any tax due or lost because of such falsification or misrepresentation.

(Ord. 2019-06 § 3(part), 2019)

**§ 3.18.140. Refusal to allow inspection–Penalty.**

The failure of a taxpayer to allow the inspection, at reasonable times, of records required to be kept by this chapter subjects the taxpayer to a penalty of three times the amount of any deficiency found or estimated to have occurred by the borough in the tax accounting of the taxpayer, if confirmed by an independent audit provided by the taxpayer.

(Ord. 2019-06 § 3(part), 2019)

**§ 3.18.150. Maintenance of suits.**

Nothing in Sections 3.18.120 through 3.18.140 of this chapter shall prevent the borough from filing and maintaining an action to collect any taxes due or which should have been collected in addition to any penalty assessed.

(Ord. 2019-06 § 3(part), 2019)

**§ 3.18.160. Lien created.**

The tax as imposed by this chapter together with all penalties and interest, and administrative and legal costs incurred, shall constitute a lien in favor of the borough upon all the taxpayer's real and personal property. The lien arises upon delinquency, and continues until the liability for the amount is satisfied or the property is sold at a foreclosure sale. The lien has a priority as allowed by AS 29.45.650(e). The lien is not

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valid until notice of the lien is filed in the office of the recorder for the district in which the property is located.

(Ord. 2019-06 § 3(part), 2019)

**§ 3.18.170. Criminal acts designated–Penalties.**

A. Each of the following acts, unless determined to be unintentional, constitutes a misdemeanor, and is punishable by imprisonment for up to thirty days, and by a fine of up to three hundred dollars, in addition to any civil penalty assessed:

1. Failure to file a return or failure to remit taxes due;
2. Falsification or misrepresentation of any record filed with the borough or required to be kept according to this chapter, if used to mislead borough tax authorities.

B. Each act listed in this section constitutes a separate offense and each day constitutes a separate offense for continuing crimes of omission or concealment.

(Ord. 2019-06 § 3(part), 2019)

**§ 3.18.180. Sunset provision.**

Unless renewed by the assembly, the provisions of Sections 3.18.010 through 3.18.180 of this chapter shall expire on April 30, 2026.

(Ord. 2019-06 § 3(part), 2019)

**§ 3.18.300. Liability for tax.**

A. A fisheries business in the borough shall file the return and pay the tax imposed by Section 3.18.020 of this chapter.

B. As described in Section 3.18.050 of this chapter, a person taking, purchasing, or otherwise acquiring a fishery resource that has not been taxed under Section 3.18.020 of this chapter shall file the return and pay the tax imposed by Section 3.18.050 of this chapter.

C. The tax imposed under Section 3.18.020 of this chapter does not apply to a fishery resource that becomes subject to tax under Section 3.18.050 of this chapter. The provisions of Section 3.18.020 of this chapter control and take precedence if a fishery resource, or the value of the fishery resource, is subject to both Sections 3.18.020 and 3.18.050 of this chapter.

D. The tax imposed under Section 3.18.020 of this chapter applies to a fishery resource that is first processed in the borough without regard to the final destination of the fishery resource.

(Ord. 2020-03 § 3, 2020)

**§ 3.18.310. Return, payment and required information for tax under Section 3.18.020 of this chapter.**

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- A. Using the form provided by the department, a person subject to the fisheries business tax shall file a single return for all fisheries resources processed in the borough by a shore-based fisheries business, a floating fisheries business, or a direct marketing fisheries business licensed during the calendar tax year under Section 3.18.040 of this chapter. The return must specify each type of fisheries business processing in which the taxpayer engaged, the type of fishery resource processed, and all locations, including physical address if applicable, at which fishery resources were processed in the borough.
- B. On the form, a person shall state the following information:
1. The name of the person subject to the tax that is filing the return;
  2. The person's mailing address and physical address, if different;
  3. The person's federal employer identification number (EIN) or social security number (SSN);
  4. The calendar year covered by the return;
  5. The precise locations in the borough, such as cannery, cold storage, vessel, or processing plant, where fishery resources were processed, including a specification by weight and species of the fisheries resource processed at each location;
  6. For a fisheries business that operates from a freezer ship or other floating vessel, the name of the vessel, the date of arrival of the vessel in Alaska and in the borough, subsequent movement of the vessel from one location to another, the reason for the movement, and the date of departure of the vessel from the borough and Alaska for any reason;
  7. The person's Alaska fisheries business license number or Alaska business license number;
  8. The value of the processed fishery resources as calculated under Section 3.18.010 of this chapter;
  9. The amount of tax liabilities, payments, and exemption;
  10. A sworn statement, subject to penalties for perjury, that the information provided is true and accurate; and
  11. Other material required on the form.

(Ord. 2020-03 § 3, 2020)

**§ 3.18.320. Return, payment and required information for tax under Section 3.18.050 of this chapter.**

- A. Using the form provided by the department, a person subject to the fisheries business tax under the provisions of Section 3.18.050 of this chapter shall file a single return for the payment of taxes levied under that section during the calendar

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tax year under Section 3.18.040 of this chapter. The return must specify the means of transporting the fishery resource outside the taxing jurisdiction of the borough, including the name of the vessel if applicable; to whom the fishery resource was sold, including name, address, and EIN or SSN of buyer; or the name of the fisheries business in the borough that processed the fishery resource, including address and EIN or SSN of the fisheries business. A copy of an invoice or receipt for each transaction must be submitted with a return required by this section.

- B. On the form, a person shall state the following information:
1. The name of the person subject to the tax that is filing the return;
  2. The person's mailing address and physical address, if different;
  3. The person's federal EIN or SSN;
  4. The calendar year covered by the return;
  5. The precise locations in the borough, such as cannery, cold storage, vessel, or processing plant, where fishery resources were sent to be processed, including a specification by weight and species of the fisheries resource processed at each location and an invoice or receipt of each transaction;
  6. For fisheries resources that are transported for processing or sale outside the borough's taxing jurisdiction, the identity of the means of transporting the fisheries resources, including the name of the vessel, if applicable; the species and weight of each fisheries resources being transported; and an invoice or receipt for each such transaction;
  7. For sales of a fishery resource outside the borough's taxing jurisdiction, the name, address, and EIN or SSN of the person or business to whom the sale is made; the species and weight of each fisheries resources sold; and an invoice or receipt for each such transaction;
  8. The taxpayer's Alaska fisheries business license number or Alaska business license number;
  9. The value of the processed fishery resources as calculated under Section 3.18.010 of this chapter;
  10. The amount of tax liabilities, payments, and exemption;
  11. A sworn statement, subject to penalties for perjury, that the information provided is true and accurate; and
  12. Other material required on the form.
- (Ord. 2020-03 § 3, 2020)

**§ 3.18.330. Request for extension of time to file return.**

- A. Upon a showing of good cause beyond the control of the requester, the department

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may grant reasonable extensions of time for the filing of the return from the due date. The extensions may not exceed ninety days in total.

- B. A request for an extension of time to file the return must be in writing, contain a full statement of the reasons supporting the request, and be received by the department no earlier than April 1st after the close of the tax year and no later than ten calendar days before the date the return is due, including extensions.
- C. If an extension of time for filing the return is granted, the return must be filed before the expiration of the period of the extension. A return filed after the period of the extension voids all extensions under this section.
- D. If an extension of time for filing the return is denied, the return must be filed by the later of:
  - 1. Ten calendar days after the date the notice of denial is mailed by the department; or
  - 2. The April 30th due date.

(Ord. 2020-03 § 3, 2020)

**§ 3.18.340. Statement of value and records.**

- A. The department may require a person, other than a fisheries business, who contracts with the fisheries business for fisheries resource processing, to furnish the department with a statement of value for the resource processed by that person. The statement of value must report the species of fisheries resources processed, the total pounds of each species, and the actual value by species, as determined in accordance with AS 43.75.290.
- B. The records of the fisheries business shall be open to audit by the department for purposes of verifying the values reported under subsection A of this section. The records of a person other than a fisheries business who furnishes a statement of value under subsection A of this section shall be subject to the same statute of limitations as the records of a fisheries business.

(Ord. 2020-03 § 3, 2020)

**§ 3.18.350. Penalties.**

A penalty assessed against a taxpayer under Sections 3.18.120 through 3.18.140 of this chapter must be paid by the taxpayer to the borough within sixty days of the date assessed unless the department determines that good cause exists to extend that deadline for a thirty-day period of time.

(Ord. 2020-03 § 3, 2020)




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**RE: Question to share with other February 18th guests**


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**From** Becker, Chris J (DOR) <chris.becker@alaska.gov>

**Date** Tue 2/17/2026 8:57 AM

**To** Pevan, Sonya Om (CED) <sonya.pevan@alaska.gov>; director@camaichc.org <director@camaichc.org>; DLG City Clerk <cityclerk@dillinghamak.us>

**Cc** Smith, Jedediah R (CED) <jedediah.smith@alaska.gov>; Nelson, Dan C (CED) <dan.nelson@alaska.gov>

Good Morning,

Thank you for the questions. Concerning the Tax Division and the Fisheries Business Tax:

- The tax is levied on the first processing or unprocessed export of a fisheries resource.
- The tax depends on the type of processor and status of the fisheries resource, either established or developing, and the rates are summarized in the table below.
- For processing inside a municipality, 50% of the tax collected is shared with the incorporated city or organized borough in which the processing took place. If an incorporated city is within an organized borough, the 50% amount is shared equally between the city and the borough.
- For processing outside a municipality, 50% of the tax collected is shared through an allocation program administered by the Department of Commerce, Community and Economic Development.

Established Species	Rate	Developing Species	Rate
Floating	5%	Floating	3%
Salmon Cannery	4.5%	Shore-Based	1%
Shore-Based	3%	Direct Marketers	1%
Direct Marketers	3%		

Please let me know if I may clarify.

Warmly,

Chris Becker  
Fish Tax Auditor  
Tax Division  
Alaska Department of Revenue  
(907) 375-7722

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**From:** Pevan, Sonya Om (CED) <[sonya.pevan@alaska.gov](mailto:sonya.pevan@alaska.gov)>

**Sent:** Thursday, February 12, 2026 1:42 PM

OFFICE OF THE STATE ASSESSOR

DEPARTMENT OF COMMERCE, COMMUNITY  
AND ECONOMIC DEVELOPMENT

Property Taxation 101 – The Basics

Or...  
How does this thing really work?

January 25, 2016

## Property Tax 101

- Part I – Calculating Your Property Tax Bill Pg. 4
- Part II – Determining the Tax Rate Pg. 11
- Part III – What About Exemptions? Pg. 31
- Part IV – Capping the Millage Rate Pg. 47

The following presentation and content are intended to illustrate the fundamental basics of the property tax system. As such, this is a “bare bones” example provided to illustrate fundamental mathematics of the property taxes. In practice, property taxation and budgeting are more complex and include many more complex topics that are not covered or discussed here.

## PART I CALCULATING YOUR PROPERTY TAX BILL!!

Property Taxes are based upon a relatively simple equation.

$$\text{Assessed Value} \times \text{Millage Rate} = \text{Tax Bill}$$

The only information needed to calculate your property tax bill are some definitions for three terms; Appraised Value, Assessed Value and Millage Rate.

### Appraised Value

This is the market value of your property as determined by the local assessor. The appraised value of your property varies as the market for real estate fluctuates. If market values decrease, appraised values will decrease and if market values increase your appraised value will increase. Ultimately, the appraised value of your property is a function of transactions of real estate in the local market.

### Assessed Value

This is the taxable value of your property. This will often differ from the appraised or “market value” of a property due to exemptions. For example, the appraised value of a property may be \$200,000, but if the property is 10% exempt, the assessed value would only be \$180,000. Property taxes are calculated on the assessed value, not the appraised value.

### Millage Rate

The tax rate that is applied to the assessed value. The millage rate or “mill rate” is usually an expression of dollars of tax levied per every \$1,000 of value. So a millage rate of 12.5 would mean that for every \$1,000 of assessed value, the taxpayer would pay \$12.50 in tax. A mill rate of 12.5 can also be expressed as 1.25% or 0.0125 in decimal form.

### Calculating the Tax Bill

So what would the tax bill be for a property with an appraised value of \$200,000, an exemption of 10% and a millage rate of 12.5?

### The Tax Bill

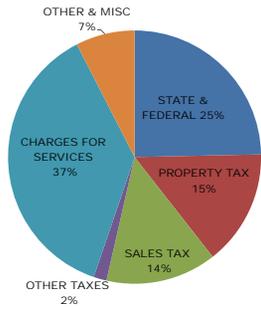
Appraised Value: \$200,000  
 - 10% Exemption: -\$20,000  
 Assessed Value: \$180,000  
 X Millage Rate 0.0125  
 = Property Tax Bill \$2,250

## PART II DETERMINING THE TAX RATE!

Section . Item 4.

The Tax Rate is determined during the budget process of the local taxing authority. In Alaska, this will be your borough and or city. Each year your community will set a budget that details the expenditures they will make and the sources of revenue that will be collected and used to fund that budget. A current example of the revenue sources for a major Alaska community follows.

### REVENUES BY SOURCE

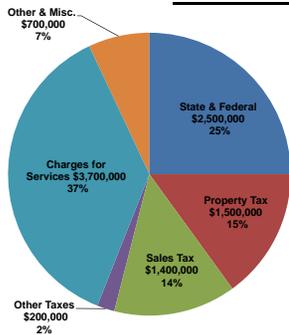


The sources of revenue vary from community to community for various reasons. For example, some communities have a sales tax and some do not. Others may have oil and gas properties and some do not. Some may receive fish taxes or obtain substantial revenue from tourism related businesses. However, for this presentation we will use the revenue "mix" provided here, with property taxes set at 15% of the revenues collected.

Now, just for purposes of example, let's create a new community and their budget. Let's call it.....

# ALASKAVILLE!

### ALASKAVILLE REVENUES BY SOURCE



Alaskaville Revenues	Amount	Percent
State & Fed	\$2,500,000	25%
Property Tax	\$1,500,000	15%
Sales Tax	\$1,400,000	14%
Other Taxes	\$200,000	2%
Charges for Services	\$3,700,000	37%
Other & Misc	\$700,000	7%
<b>Total</b>	<b>\$10,000,000</b>	<b>100%</b>

Alaskaville has just completed it's budget. Total expenditures in the budget are set at \$10,000,000 for the fiscal year. Of this amount, city officials estimate that they will receive \$8,500,000 in revenues from various sources and \$1,500,000 or 15% of the total budget will come from local property taxes.

Note that this is a fairly typical analysis. Local officials have limited control over many sources of revenue such as sales tax or federal and state money. The amount of local sales tax depends on consumer purchases. Federal & state funding is decided by federal and state officials. While these sources can be estimated, they cannot be fixed. Only the amount of the property tax is truly under local control. So, the property tax is often used as the final building block to close and balance the budget.



### What's the Millage Rate?

As noted earlier, Alaskaville has set its budget at \$10,000,000. To fund and balance this budget, they have dedicated \$1,500,000 in property taxes. This is commonly referred to as the Property Tax Levy.



So, the question is....

## What tax rate must Alaskaville set to collect \$1,500,000 in property taxes?



To answer this question one must know the basic formula for calculating property tax rates.

$$\frac{\text{Property Tax Levy}}{\text{Property Tax Base}} = \text{Millage Rate}$$



We've already discussed the Property Tax Levy, but what is the Property Tax Base?

**Property Tax Base: The sum of all Assessed Values in the jurisdiction.**

And we must remember, that Assessed Values are used, not the Appraised Values which can be substantially different.



And now let's return to Alaskaville.

The Assessor tells us that assessed values of the tax roll for Alaskaville add up to \$120,000,000 for the tax year. This is the Property Tax Base for the current tax year.

So what is the required millage or "mill" rate for Alaskaville?



Let's fill in the blanks in the formula!

$$\frac{\text{Property Tax Levy}}{\text{Property Tax Base}} = \text{Millage Rate}$$
$$\frac{\$1,500,000 \text{ (Levy)}}{\$120,000,000 \text{ (Base)}} = 0.0125 \text{ Mill Rate}$$

So we know Alaskaville needs a millage rate of 0.0125, which could also be stated as 1.25% or \$12.50 per \$1,000 of assessed value.



### Scenarios

Given these basics of how property taxes work, we can also portray different scenarios of what the tax rate and taxes would be given different situations for Alaskaville.



Scenario: Original levy and tax base, no changes.

$$\frac{\$1,500,000 \text{ (Levy)}}{\$120,000,000 \text{ (Base)}} = 0.0125 \text{ Mill Rate}$$

Taxes on a property assessed at \$100,000:

$$\$100,000 \times 0.0125 = \$1,250$$



Scenario: Tax Base (Values) increased by 5%

$$\frac{\$1,500,000 \text{ (Levy)}}{\$126,000,000 \text{ (Base)}} = 0.0119 \text{ Mill Rate}$$

Taxes on a property assessed at \$100,000: As values have increased by 5%, the property has also increased to \$105,000.

$$\$105,000 \times 0.0119 = \$1,250$$



Scenario: Tax Base (Values) decreased by 5%

$$\frac{\$1,500,000 \text{ (Levy)}}{\$114,000,000 \text{ (Base)}} = 0.0132 \text{ Mill Rate}$$

Taxes on a property assessed at \$100,000: As values have decreased by 5%, the property has also decreased to \$95,000.

$$\$95,000 \times 0.0132 = \$1,254$$



Scenario: Property Tax Levy increased by 5%

$$\frac{\$1,575,000 \text{ (Levy)}}{\$120,000,000 \text{ (Base)}} = 0.0131 \text{ Mill Rate}$$

Taxes on a property assessed at \$100,000:

$$\$100,000 \times 0.0131 = \$1,310$$



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Scenario: Property Tax Levy decreased by 5%

$$\frac{\$1,425,000 \text{ (Levy)}}{\$120,000,000 \text{ (Base)}} = 0.0119 \text{ Mill Rate}$$

Taxes on a property assessed at \$100,000:

$$\$100,000 \times 0.0119 = \$1,190$$



## PART III WHAT ABOUT EXEMPTIONS?



### How do exemptions work?

What overall effects do property tax exemptions have on property taxes? Let's take a look at a very simple example that more or less applies to everyday life.



It's John's Birthday! You and 8 other friends (ten people total) decide to take him out for a steak dinner to celebrate. That was as many people as we could get to attend since John is the property tax assessor and not to popular.



The steakhouse down the street says that for \$500 they will serve us all. So...

$$\$500 \div 10 \text{ people} = \$50$$

Simple enough!



But as we said, its John's Birthday! So we are all going to "chip in" and pay for John's meal.

**We are going to exempt John from paying.**

So what is the "math" now?



Originally the math was....

$$\$500 \div 10 \text{ people} = \$50$$

But here is the math now....

$$\$500 \div 9 \text{ people} = \$55.56$$

So that John can be exempted from paying, we must each pay \$5.56 more for the math to work.



Now let's go back to Alaskaville and see how it works with property taxes.

Remember our original calculations for the Alaskaville budget and property tax rate?



Scenario: Original

$$\frac{\$1,500,000 \text{ (Levy)}}{\$120,000,000 \text{ (Base)}} = 0.0125 \text{ Mill Rate}$$

Taxes on a property assessed at \$100,000:

$$\$100,000 \times 0.0125 = \$1,250$$



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Now, what if we decided to assess all residential property at 50% of value and keep commercial property valued at 100%.

This is not allowed in Alaska, however similar property tax policies do exist in the Lower 48. Such policies are called "Fractional Assessments".



John, remember he's the assessor, tells us that residential property is 75% of the tax roll. So, in the original Tax Base...

Residential would be...  
 $\$120,000,000 \times 75\% = \$90,000,000$

And Commercial would be...  
 $\$120,000,000 \times 25\% = \$30,000,000$



But if we exempt 50% of the value of residential property our tax base would look like this.

Residential would be:  
 $\$90,000,000 \times 50\% = \$45,000,000$

Commercial would still be: \$30,000,000

And the "new" Tax Base would be the sum of the two or..... \$75,000,000



Scenario: 50% Exempt on Residential

$$\frac{\$1,500,000 \text{ (Levy)}}{\$75,000,000 \text{ (Base)}} = 0.0200 \text{ Mill Rate}$$

The required millage rate has increased dramatically due to the change in the Property Tax Base. But, what's happened to the actual tax bills?



Taxes on a residential property previously assessed at \$100,000: Now valued at \$50,000!

$$\$50,000 \times 0.0200 = \$1,000$$

Taxes on a commercial property which would still be assessed at \$100,000:

$$\$100,000 \times 0.0200 = \$2,000$$

And remember that prior to the exemption, both properties would have paid the same property tax of:

**\$1,250**



And what has happened to the total Property Tax Levy?

Taxes on Residential properties:

$$\$45,000,000 \times 0.0200 = \$900,000$$

Taxes on Commercial properties:

$$\$30,000,000 \times 0.0200 = \$300,000$$

So the total Property Tax Levy would be: **\$1,500,000**

**Which is exactly what the Property Tax Levy was prior to the exemption.**



Now, let's summarize our results!

- The original millage rate of \$12.5 per \$1,000 of assessed value increased to \$20.00 per \$1,000 of assessed value. The residential exemption shrank the tax base such that a 60 percent increase was required in the millage rate.
- Residential properties were assessed at 50 percent less, but due to the much higher millage rate their taxes decreased by only 20 percent.
- Commercial properties were assessed just as before so the tax bill for these properties increased by 60 percent.



And here's a quick summary of the numbers for Alaskaville showing the results before and after implementing such an policy.

50% RESIDENTIAL EXEMPTION DATA	VALUE BEFORE	VALUE AFTER	VALUE CHANGE	TAX BEFORE	TAX AFTER	TAX CHANGE
PROPERTY TAX LEVY	\$1,500,000	\$1,500,000	0.0%	N/A	N/A	N/A
PROPERTY TAX BASE	\$120,000,000	\$75,000,000	-37.5%	N/A	N/A	N/A
MILL RATE	0.0125	0.0200	60.0%	N/A	N/A	N/A
\$100K RESIDENTIAL	\$100,000	\$50,000	-50.0%	\$1,250	\$1,000	-20.0%
\$100K COMMERCIAL	\$100,000	\$100,000	0.0%	\$1,250	\$2,000	60.0%



# PART IV CAPPING THE MILLAGE RATE



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Various efforts to modify the basic premise of Property Taxation have been attempted over the years. One approach has been to set a fixed or capped millage rate. So what are the impacts to capping the millage rate?

To analyze this, we must return to the basic equation for calculating the millage rate.

$$\frac{\text{Property Tax Levy}}{\text{Property Tax Base}} = \text{Millage Rate}$$



As we applied this formula previously, the property tax base is fixed by the sales prices of real estate in the market and the property tax levy was also fixed via the budget process. Capping the millage rate converts this element of the formula to a fixed value as well.

However, the basic math of the formula will not allow all three variables to remain fixed over time. Or stated another way, if the millage rate is fixed, any change in the property tax levy or the property tax base will nullify the validity of the equation.

A little bit of simple math with our Alaskaville case will help to illustrate the situation.



Our original millage rate calculation for Alaskaville was...

$$\frac{\$1,500,000 \text{ (Levy)}}{\$120,000,000 \text{ (Base)}} = 0.0125 \text{ Mill Rate}$$

And the equation as applied above holds true. That is to say that the equation balances. Now let's presume that Alaskaville fixes the millage rate at 0.0125 from this year into the future.



In the subsequent year, the assessor reports that due to market activity and new construction the property tax base has increased by five percent to \$126,000,000.

$$\frac{\$1,500,000 \text{ (Levy)}}{\$126,000,000 \text{ (Base)}} \neq 0.0125 \text{ Mill Rate}$$

The equation is now in a state of imbalance since the millage rate of 0.0125 when applied to the new tax base produces a property tax levy of \$1,575,000. Yet, Alaskaville only required a property tax levy of \$1,500,000. The city is taxing more than is required and has a surplus in what had been a balanced budget.



But what if the assessor had reported that the property tax base had decreased by five percent to \$114,000,000.

$$\frac{\$1,500,000 \text{ (Levy)}}{\$114,000,000 \text{ (Base)}} \neq 0.0125 \text{ Mill Rate}$$

The equation is again in a state of imbalance since the millage rate of 0.0125 when applied to the tax base produces a property tax levy of \$1,425,000. Yet, Alaskaville still requires a property tax levy of \$1,500,000 to fund the city. The city now has a budget deficit rather than the previous balanced budget.



Looking at the results we can see that the Property Tax Levy, which was previously a fixed element of the formula, has now, by mathematical necessity, become a "floating" number. As well, the very configuration of the formula itself has fundamentally changed.

Uncapped Rate Formula:  $\frac{\text{Property Tax Levy (Fixed by Budget)}}{\text{Property Tax Base (Fixed by Market)}} = \text{Millage Rate (Floating)}$

Capped Rate Formula:  $\text{Millage Rate (Fixed by Mandate)} \times \text{Property Tax Base (Fixed by Market)} = \text{Property Tax Levy (Floating)}$



Also note, that since the millage rate is now fixed, the amount of the property tax levy will only vary when there is a change in the property tax base.

Clearly this change presents some very significant issues for the efforts of Alaskaville to produce a truly balanced budget. Since the property tax levy is now a "moving target", Alaskaville will have a more difficult time in estimating revenues. Thus, their budget will tend to produce surpluses or deficits depending upon the accuracy of the estimates that are used in the budgeting process.



Future surpluses to the property tax levy might be addressed by providing that the millage rate cap be a maximum level. This would allow Alaskaville to use a rate less than the capped rate when a surplus to the property tax levy might result.

## However, what happens with a DEFICIT?



When the tax base decreased by 5 percent, we noted that Alaskaville had a deficit of \$75,000 in their budget. So what can Alaskaville do to rectify this shortfall?

Alaskaville could re-open its budget and eliminate \$75,000 of services that they had previously indicated they would fund.

### And/or...

Alaskaville could re-visit other sources of local revenue such as sales taxes or fees and increase collections from those sources to recover the "missing" \$75,000 of revenue.



In the end, capping the millage rate has increased the difficulty of Alaskaville to produce a dependable, balanced budget since revenue to fund the budget is now less certain.

Budget surpluses and deficits will result as future changes to the tax base arise due to new construction and the value of real estate in the market. As well, it must be remembered that the budgetary needs of Alaskaville will also change as the community grows and future events develop. Regardless, the impact of the millage rate cap will have notable impacts to Alaskaville. How that impact might be addressed by the community can take various forms.



# Thank you for your time and attention!

## ANY QUESTIONS?



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**From:** Kaitlyn Conway <Kaitlyn@akml.org>  
**Sent:** Friday, February 13, 2026 11:18 AM  
**To:** Nils Andreassen <nils@akml.org>  
**Cc:** Alicia Hughes-Skandijis <Alicia@akml.org>; Sarah King <sarahk@akml.org>  
**Subject:** ACoM Training: Meeting Hero 201

Mayors,

We scheduling trainings as requested, following our discussion at the beginning of the month on continuing education for elected officials and staff. Our first training will be Meeting Hero 201: Hard Meetings Clinic, Executive Session limitations, handling hostile questions, and managing public comments. This is open to all elected officials and staff. Please feel free to forward this meeting invitation to your councils, assemblies, and support staff.

Training Topic: Meeting Hero 201: Hard Meetings Clinic, Executive Session limitations, handling hostile questions, and managing public comments  
When: Monday, February 23<sup>rd</sup> at 1 p.m.  
Who: Elected Officials and Staff  
Where: [Join Teams here](#) or dial in by phone: +1 (917) 765-8543 with access code: 133166484#

An agenda will be sent soon.

Thank you!

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