Kenai City Council - Work Session
August 19, 2026 - 4:00 PM
Kenai City Council Chambers
210 Fidalgo Avenue, Kenai, Alaska
www.kenai.city
**** Telephonic / Virtual Information on Page 1****

Agenda

A. CALL TO ORDER

B. INTRODUCTION - Terry Eubank, City Manager

C. DISCUSSION ITEM

1. Residential Property Tax Exemptions

D. COUNCIL COMMENTS

E. PUBLIC COMMENTS *(Public comments limited to five (5) minutes per speaker)*

F. ADJOURNMENT

The agenda and supporting documents are posted on the City's website at www.kenai.city. Copies of resolutions and ordinances are available at the City Clerk's Office or outside the Council Chamber prior to the meeting. For additional information, please contact the City Clerk's Office at 907-283-8231.

Registration is required to join the meeting remotely through Zoom. Please use the following link to register:
https://us02web.zoom.us/meeting/register/npcYvU9SRgWS0tPLPSHl2Q

Sponsored by: Knackstedt, Kisena

KENAI

CITY OF KENAI
ORDINANCE NO. 3542-2026

AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF THE CITY OF KENAI, AT THE REGULAR ELECTION TO BE HELD ON NOVEMBER 3, 2026, THE QUESTION OF ENACTING KENAI MUNICIPAL CODE, SECTION 7.05.031- RESIDENTIAL PROPERTY TAX EXEMPTION, TO ESTABLISH A RESIDENTIAL PROPERTY TAX EXEMPTION IN THE AMOUNT OF $75,000.

WHEREAS, Alaska Statutes 29.45.050(a) provides that a municipality may exclude or partially exempt residential property taxation by ordinance ratified by the voters at an election; and,

WHEREAS, Alaska Statute 29.45.050(a) also establishes that exemptions authorized under this section may not exceed the assessed value of $75,000; and,

WHEREAS, this ordinance proposes to amend Kenai Municipal Code to establish a residential property tax exemption in the amount of $75,000 in the City of Kenai subject to voter approval, for residents receiving the same exemption for Kenai Peninsula Borough property taxes; and,

WHEREAS, the proposed code change and ballot language will grant the City's residential real property tax exemption only to those residents that apply for and receive the Kenai Peninsula Borough's residential real property tax exemption; and,

WHEREAS, if approved, the exemption will provide additional property tax exemption to Kenai residents currently receiving the mandatory $150,000 senior or $150,000 disabled veteran exemption per Alaska Statute 29.45.030(e); and,

WHEREAS, an estimated 1,435 property owners will be eligible for the proposed exemption exempting an estimated $101,655,600 in property value, including $3,346,500 of disabled veteran exemptions (49), $35,037,400 of senior exemptions (533), and $63,271,700 of eligible property exemptions that do not qualify for the senior or disabled veteran exemption (853); and,

WHEREAS, the total financial impact to the City, at its current tax rate of 4.35 mills, is estimated to be $442,202 annually with the maximum savings to an individual property owner of $326.25 annually; and,

WHEREAS, if approved by the voters, the exemption will take effect January 1, 2027, for Fiscal Year 2028.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, AS FOLLOWS:

Section 1. That the following proposition shall be submitted to the qualified voters of the City of Kenai at the November 3, 2026, City of Kenai Regular Election in substantially the same form as set out hereafter:

PROPOSITION NO. 2026-C
RESIDENTIAL PROPERTY TAX EXEMPTION

Enacting Kenai Municipal Code to Establish a
Residential Property Tax Exemption in the amount of $75,000.

Shall Ordinance No. 3542-2026 enacting Kenai Municipal Code Section 7.05.031 - Residential Property Tax Exemption, be ratified to establish a residential real property tax exemption of $75,000.

YES ____ [A YES vote means you approve enacting Kenai Municipal Code 7.05.031 to establish a residential real property tax exemption of $75,000.]

NO ____ [A NO vote means you oppose enacting Kenai Municipal Code 7.05.031 to establish a residential real property tax exemption of $75,000.]

Section 2. That following the November 3, 2026, City of Kenai Regular Election, if the proposition substantially in the same form as set out above in Section 1 of this ordinance is ratified by the voters, the following section of Kenai Municipal Code would become effective on January 1, 2027.

7.05.031 - Residential Property Tax Exemption

The first $75,000 of assessed valuation of a single parcel of residential real property, owned, or partly owned and occupied as a primary residence and permanent place of abode by a City resident, may be eligible for this residential real property exemption from the City's tax levy on real property within the City of Kenai. Only City residents that apply for and receive the Kenai Peninsula Borough's residential real property tax exemption under the Borough's code of ordinances as now enacted or amended in the future, will receive the City's residential property tax exemption. The Borough Assessor's determination of whether property in the City qualifies for the Borough's residential real property tax exemption will be determinative of whether the property qualifies for the exemption under the City's code of ordinances.

Section 3. That the following proposition summary shall be submitted to the qualified voters of the City of Kenai in substantially the same form as set out hereafter:

Proposition No. 2026-C: This proposition would enact a new section of Kenai Municipal Code establishing a residential property tax exemption of $75,000.

Ballot Language:

PROPOSITION NO. 2026-C
RESIDENTIAL PROPERTY TAX EXEMPTION

Enacting Kenai Municipal Code to Establish a
Residential Property Tax Exemption in the amount of $75,000.

Shall Ordinance No 3542-2026 enacting Kenai Municipal Code Section 7.05.031 - Residential Property Tax Exemption, be ratified to establish a residential real property tax exemption of $75,000.

YES ____ [A YES vote means you approve enacting Kenai Municipal Code 7.05.031 to establish a residential real property tax exemption of $75,000.]

NO ____ [A NO vote means you oppose enacting Kenai Municipal Code 7.05.031 to establish a residential real property tax exemption of $75,000.]

Proposed Code Enactment:

7.05.031 - Residential Property Tax Exemption

The first $75,000 of assessed valuation of a single parcel of residential real property, owned, or partly owned and occupied as a primary residence and permanent place of abode by a City resident, may be eligible for this residential real property exemption from the City's tax levy on real property within the City of Kenai. Only City residents that apply for and receive the Kenai Peninsula Borough's residential real property tax exemption under the Borough's code of ordinances as now enacted or amended in the future, will receive the City's residential property tax exemption. The Borough Assessor's determination of whether property in the City qualifies for the Borough's residential real property tax exemption will be determinative of whether the property qualifies for the exemption under the City's code of ordinances.

Implementation Date: If approved by the voters at the November 3, 2026, City of Kenai election, Kenai Municipal Code Section 7.05.031 - Residential Property Tax Exemption will be in effect on January 1, 2027, for Fiscal Year 2028.

Fiscal Impact: Eligible property owners could see a reduction in their annual property tax liability due to a portion of their permanent place of residence assessed value being exempt from taxation.

Summary of Amendment: If approved, the first $75,000 assessed value of qualifying residential real property would be exempt from municipal property taxes, reducing the taxable assessed value of eligible residence by $75,000.

Section 4. Severability: That if any part or provision of this ordinance or application thereof to any person or circumstances is adjudged invalid by any court of competent jurisdiction, such judgment shall be confined in its operation to the part, provision, or application directly involved in all controversy in which this judgment shall have been rendered, and shall not affect or impair the validity of the remainder of this title or application thereof to other persons or circumstances. The City Council hereby declares that it would have enacted the remainder of this ordinance even without such part, provision, or application.

Section 5. Effective Date: That pursuant to KMC 6.05.080, sections 1, 3 and 4 of this ordinance shall take effect immediately upon enactment. Section 2 shall only take effect if approved by a majority of eligible voters of the City of Kenai who vote on the question during the November 3, 2026, City of Kenai Election.

ENACTED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, THIS 2ND DAY OF SEPTEMBER 2026.

____
Henry H. Knackstedt, Mayor

ATTEST:

____
Michelle M. Saner, MMC, City Clerk

Introduced:	August 19, 2026
Enacted:	September 2, 2026
Effective:	See Section 5

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Council Members

FROM: Mayor Knackstedt and Council Member Kisena

DATE: August 11, 2026

SUBJECT: **Ordinance No. 3542-2026** - Providing for the Submission to the Qualified Voters of the City of Kenai, at the Regular Election to be Held on November 3, 2026, the Question of Enacting Kenai Municipal Code, Section 7.05.031-Residential Property Tax Exemption, to Establish a Residential Property Tax Exemption in the Amount of $75,000.

During the August 5, 2026, City Council meeting, public testimony was provided requesting the City Council consider implementation of a $75,000 residential property tax exemption. After Council discussion a work session was scheduled for August 19, 2026, to discuss the issue further. We requested the administration prepare, for Council's consideration and discussion, the necessary legislation to place the issue on the ballot for voter consideration.

Alaska Statutes (AS) 29.45.050(a) authorizes a municipality, by ordinance ratified by the voters, to exclude or partially exempt residential property from taxation up to a maximum of $75,000 of assessed value.

Under the proposed code provisions within the Ordinance, the first $75,000 of assessed value of qualifying residential property would be exempt from the City's property tax levy. The proposed exemption would apply in addition to the mandatory $150,000 senior citizen or $150,000 disabled veteran property tax exemptions authorized by AS 29.45.030(e). The proposed exemption will provide tax relief to qualifying taxpayers who occupy the property as their primary residence. An estimated 1,435 property owners will be eligible for the proposed exemption exempting an estimated $101,655,600 in property value, including $3,346,500 of disabled veteran exemptions (49), $35,037,400 of senior exemptions (533), and $63,271,700 of eligible property exemptions that do not qualify for the senior or disabled veteran exemption (853). The total annual financial impact to the City, at its current tax rate of 4.35 mills, is estimated to be $442,202 with the maximum savings to an individual property owner of $326.25.

In order to qualify for the exemption, residents must apply through the Borough for its residential property tax exemption, this includes those that are receiving the senior citizen or disabled veteran property tax exemption through the Borough that may not have previously applied for the residential property tax exemption. The Borough assessor's determination of qualification for its residential property tax exemption would apply to the City's residential property tax exemption.