



FOR IMMEDIATE RELEASE
Position Statement on HB 13

The Alaska Mortgage Bankers Association (AMBA) has reviewed House Bill 13 regarding optional municipal property tax exemptions and must express our position of "Opposed as Written".

This position statement was drafted based on the opinions and testimony received from AMBA members who have expressed significant concerns about the implementation of this legislation while supporting its underlying goals.

While we recognize and support the bill's intent to address Alaska's housing challenges through local flexibility, we have significant concerns about implementation:

1. Public Approval Process

The bill permits municipalities to enact potentially significant tax exemptions by ordinance alone, without direct voter approval. Tax policy changes with revenue implications should require explicit voter input to ensure community support and transparency. Our membership has expressed concern that allowing these exemptions via ordinance could result in revenue reductions without sufficient public scrutiny or consideration of long-term fiscal impacts.

Insufficient Parameters

The current language lacks adequate guardrails around several exemption categories:

- **Short-Term to Long-Term Rental Conversion:** We note that the most recent update indicates a potential redefinition of "long-term rental" to 31 days or more rather than the bill's original 90-day threshold. While this 31-day definition is commonly used for operational and regulatory purposes, it is insufficient as a qualifier for property tax exemptions. A threshold of 31 days would primarily benefit properties serving temporary workers and seasonal residents rather than addressing the need for stable housing for permanent community members. We recommend maintaining or extending the minimum rental period to at least one year to ensure exemptions genuinely increase permanent housing availability for local residents and working families.
- **Mobile Home Park Exemptions:** The bill allows for exemptions "up to 10 years after the mobile home park is constructed or renovated" without defining what qualifies as "renovation." We recommend specific qualifying improvements be enumerated, such as infrastructure upgrades, safety enhancements, or energy efficiency improvements that provide tangible benefits to



residents. Additionally, we suggest implementing a graduated scale where more substantial improvements qualify for longer exemption periods.

- **First-Time Homebuyer Provision:** This provision should be limited to owner-occupied single-family residences to ensure benefits reach those establishing primary residences rather than investment properties. We recommend a clearly defined benefit period of 1 year to specifically address the upfront closing cost burden created by prepaid property taxes, which can add hundreds or even thousands of dollars to the cash required at closing for new homebuyers.
- **Low-Income Rental Exemptions:** While we support the 30% of Median Family Income standard, this should be explicitly tied to household size according to HUD guidelines. The exemption should include annual recertification requirements by the property owner to verify continued compliance.

2. Tax Burden Shifting

We have general concerns that without proper constraints, these exemptions could shift tax burdens inequitably among property owners. The impact would affect not only wealthy property owners but also low-income homeowners who have received assistance to purchase their homes or who live in multigenerational properties with no mortgage but still face insurance and property tax obligations. Before implementation, municipalities should be required to conduct fiscal impact studies demonstrating how lost revenue would be addressed without disproportionately burdening vulnerable homeowners.

3. Proposed Solutions

AMBA would support a revised bill that:

1. Requires direct voter approval for all property tax exemption programs
2. Establishes specific qualifying criteria for each exemption category with emphasis on genuinely long-term housing solution
3. Mandates reasonable time limitations on all exemptions
4. Includes verification procedures to ensure benefits reach intended recipients

We welcome the opportunity to collaborate with Representative Gray and committee members to refine this legislation into an effective tool that addresses housing challenges while maintaining fiscal responsibility and tax equity.

Benjamin Reynolds
AMBA Interim President