



## Taxation and Assessment

### Property Assessments in Alaska

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Article XI, Section 3 of the [Alaska Constitution](#) provides that standards used for appraisal be prescribed by law. These standards are found in Title 29, [Section 45](#) of the Alaska Statutes and in a municipality's local ordinances.

Property in Alaska is required to be assessed (valued for tax purposes) at fair market value. An assessment should be about the same amount as what the owner believes the property would sell for in the open real estate market. (AS [29.45.110](#)) There are some variations on what "full and true value" is, in limited cases. These are found in AS [29.45.060](#) through .065, AS [29.45.110](#), and AS [29.45.230](#) and cover certain uses that restrict or limit the ability to recover full and true value upon sale, such as farm use, conservation easement, or property affected by a natural disaster.

The assessor uses mass appraisal techniques to appraise property. Mass appraisal techniques are similar to those used by a private appraiser, however, the scope of the assignment (number of properties to appraise) and the quality control (statistical analysis) differ. The assessor may use a single method or a variety of methods to value property. Smaller municipalities with little market activity will most likely use a variation of the cost approach, while larger municipalities with more market activity will use a combination of the market, income, and cost approaches.

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##### What is an appraisal?

An appraisal is an "estimate" or "opinion" of value. It is the appraiser's judgement as to the full market value as of a specific date (the dollar amount the property would sell for if there is a willing buyer and willing seller), and is based on the best data available to the appraiser at the time of the appraisal.

##### What is an assessment and how does it differ from an appraisal?

The terms "assessment" and "assessed value" are often used to describe the same thing. The assessed value is based on the appraised value of the property. In Alaska, state law requires that property be assessed at market value (AS [29.45.110](#).) Therefore, the "appraised value" and the "assessed value" should equal the same amount.

##### What percentage of market value is required for the assessment?

The statutory assessment level is set at 100%, therefore your assessed value should represent actual market value. However, it should be pointed out that since the assessor's office is appraising a very large number of properties, the assessment is often a conservative value estimate. AS [29.45.060](#) through .065, AS [29.45.110](#), and AS [29.45.230](#) identify situations that may result in an exception to this.

## **How does the assessor's office determine the value of property?**

There are typically three approaches used by an assessor/appraiser to obtain these values: the "Cost Approach," the "Sales Comparison Approach" and the "Income Approach." The basis of the Cost Approach is that no one will pay more for property than it will cost them to build another with similar utility or use. This approach works especially well on newer homes and buildings when there is a lack of sales data, however, it is not particularly useful for establishing land values. The basis of the Sales Comparison Approach is that property should have a value comparable to other similar property that has recently sold. The basis of the Income Approach is that purchasers of income producing property will pay for the right to receive that income stream over a period of years. The assessor's office will often use a combination of these approaches to determine the value of property.

## **Will painting my house or other maintenance cause my taxes to increase?**

Not necessarily. Regular maintenance usually does not create an increase in your property value. However, it will increase the "life" of your home or other buildings, thus helping to maintain your value. A lack of maintenance, on the other hand, will shorten the life of your buildings, which will cause the structure value to decrease more rapidly.

## **Why won't the assessor's office reduce my assessment to exactly what I paid for the property?**

The assessor's office is concerned with two primary issues, valuation and equity. Sometimes a purchaser of property will get a "good deal" and it may not truly reflect true market value. The assessor must assess the property in accordance with what the value would be between a "typical seller and buyer" in an open market (AS 29.45.110). The assessor must not allow the assessed value to reflect these good deals if they do not reflect what the typical market will pay for similar property. The assessor must value similar property with similar values.

## **I would like to compare my property valuation with my neighbors. Am I allowed to look at other individual assessments?**

Yes. Assessment records are considered public records and, as such, are available to anyone wishing to view them.

## **During the assessor's visit I was asked if they could enter into my house. Am I required to allow them into my property?**

No, not without your permission (AS 29.45.130). The assessor's office needs as much data about your property as they can gather to ensure the assessment reflects the value of the property as it is. Interior inspections help the assessor's office in collecting this data. If you would rather not allow them into your home/structure, you are not required to. The information will simply be estimated and if the estimate is in error, the valuation could also be in error. This could result in you paying more or less than your fair share of property taxes.

## **How do I get information on my assessment?**

Under AS 29.45.160 and .170, the assessor must prepare an annual assessment roll showing the names and addresses of persons with taxable property, all property subject to taxation, and the assessed value. The assessor then provides notice to each person named on the assessment roll of the assessed value of taxable property, payment due date, when taxes become delinquent, any penalty or interest there might be for failure to pay, and when the Board of Equalization will meet.

## **What if I don't agree with the assessment?**

If a person thinks there might be an error on the assessment, he or she can inform the assessor of the error before the board of equalization meets and ask for a correction. If the assessor finds an error, they will mail a corrected notice allowing 30 days for an appeal. (AS 29.45.180 and .190).

A person wishing to appeal must submit the appeal in writing within 30 days of receipt of the assessment notice to the Board of Equalization, or appeal directly to the superior court. A decision of the board of equalization may be appealed to superior court. (AS 29.45.200 and .210)

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The assessor's office is not bound by any one approach to value, but may use all approaches at his or her disposal. The primary function of the assessment process is to assure everyone is taxed equally; that is, that no one pays more or less than his fair share of tax. The courts do not typically question the methods used by the assessor to obtain market value estimates, unless there is a finding of fraud or clear adoption of a fundamentally wrong principle of valuation (Hoblitt v. Greater Anchorage Area Borough, 473 P2. 630, Alaska 1970.)

Property values may be appealed to the local Board of Equalization, which is made up of either members of the governing body

or individuals appointed by the governing body. The burden of proof for the appeal rests with the appellant, and the Board of Equalization will make its decision based on the information in a valid written appeal or proven at the hearing (AS 29.45.210). That decision may be appealed to Superior Court and then to the State Supreme Court. Appeals are heard on the record established at the Board of Equalization hearing. Many of our assessment policies today come from Supreme Court interpretations of the law.

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### **Publications**

- Department of Commerce, Community, and Economic Development, Office of the State Assessor, [Alaska Taxable](#)

### **Websites**

- Department of Community and Economic Development, [Office of the State Assessor](#)
- Alaska Legislature "Folio Infobase" - [Current Alaska Statutes](#)
- Alaska Legislature "Folio Infobase" - [Alaska Administrative Code](#)
- Alaska [Department of Law](#)

## **Applicable Laws** [Back to Top](#)

### **State of Alaska Constitution**

- Article IX, Section 1 - taxing power, prohibitions
- Article IX Section 2 - non-discrimination in tax rate
- Article IX Section 3 - assessment standards, prescribed by law
- Article IX Section 4 - exemptions, authority to prescribe additional exemptions by law
- Article IX Section 5 - government property, taxability of private use of otherwise exempt property
- Article X, Section 2 - dedication of taxing powers to boroughs and cities only Article IX Section 5 - government property, taxability of private use of otherwise exempt property
- Article IX Section 6 - public purpose use of tax revenue
- Article X, Section 1 - provision for maximum local self government and non-duplication of taxing jurisdictions
- Article X, Section 2 - dedication of taxing powers to boroughs and cities only

### **Alaska Statutes**

- AS 14.17.510 (see [Current Alaska Statutes](#)) - Assistance to school districts and municipalities in determining full and true value
- AS 29.10.200 - Limitation on home rule powers, taxation, assessment, collections, exemptions
- AS 29.25.010 - Acts required to be by ordinance, levy taxes, establish penalty
- AS 29.35.010 - General powers and duties of municipality, authorization to levy tax, enforce ordinances
- AS 29.35.170 - Assessment and collection of tax, borough collection of city tax
- AS 29.45.010 - Authority to levy a property tax, areawide, nonareawide, service area, home rule, first class second class
- AS 29.45.030 - Taxable property and mandatory exemptions, application for exemption, ordinance establishing procedures and deadlines, waiver for late application, state reimbursement for exemptions, definitions
- AS 29.45.040 - Property tax equivalency payments, application process
- AS 29.45.046 - River habitat protection credit, eligibility, calculation method, exemptions
- AS 29.45.050 - Optional exemptions, ordinance ratification, mandatory cap on exemptions, home-rule provisions
- AS 29.45.055 - Levy of flat tax on personal property exempted from ad valorem tax
- AS 29.45.060 - Farm or agricultural land
- AS 29.45.062 - Land subject to a conversation easement
- AS 29.45.065 - Assessment of private airports open for public use.
- AS 29.45.070-.070 - Mobile homes, classification
- AS 29.45.080 - Tax on oil and gas production and pipeline property, DOR valuation
- AS 29.45.090 - Tax Limitation and mill rate equity
- AS 29.45.100 - No limitation to pay for bonds
- AS 29.45.103 - Taxation records, availability
- AS 29.45.105 - Errors in taxation procedures, state assessor notice, appeal
- AS 29.45.110 - Full and true value, assessment date, low income housing credit valuation and exemption
- AS 29.45.120 - Returns
- AS 29.45.130 - Independent investigations
- AS 29.45.140 - Violations; authorization to prescribe penalties by ordinance
- AS 29.45.150 - Reevaluation

- AS 29.45.160 - Assessment roll
- AS 29.45.170 - Assessment notice, delivery
- AS 29.45.180 - Corrections, errors or omissions
- AS 29.45.190 - Appeal
- AS 29.45.200 - Board of Equalization
- AS 29.45.210 - Hearing
- AS 29.45.220 - Supplementary assessment rolls
- AS 29.45.230 - Tax adjustments on property affected by a natural disaster, sworn statement, notice, equalization hearing, deadline for determining rate and mailing statements
- AS 29.45.240 - Establishment of levy and determination of rate, ordinance and resolution requirement
- AS 29.45.250 - Rates of penalty and interest, limitation on rate, interest accrual
- AS 29.45.550 - Cities outside boroughs
- AS 29.45.560 - Cities inside boroughs
- AS 29.45.580 - Differential tax zones
- AS 29.45.590 - Limited property taxing power for second class cities
- AS 29.45.600 - Combining property tax with incorporation of a second class city
- AS 29.60.010 - State revenue sharing tax equalization formula
- AS 29.60.080 - Definitions
- AS 44.33.020(17) (see [Current Alaska Statutes](#)) - Commerce assistance on valuation, assessment, and taxation; notification of errors
- AS 43.56.010 - Levy of municipal tax on oil and gas exploration, production, and pipeline property, limitation on tax assessment rate
- AS 43.56.020 - Exemptions on levy of municipal tax on oil and gas exploration, production, and pipeline property
- AS 43.56.030 - Tax in lieu of
- AS 43.56.040 - State assessment review board
- AS 43.56.060 - Commerce assessment of oil and gas and pipeline property subject to taxation
- AS 43.82.210 - Payment in lieu of taxes on stranded gas development projects

## Regulations

- 3 AAC 131.010-.020 certification and notification of population for oil & gas property tax limitations, alternate population determination methods
- 3 AAC 131.030 - definitions
- 3 AAC 135.010 - .085 senior citizen and disabled veteran exemptions, method of application and forms, deadlines and calculations, eligibility of spouse
- 3 AAC 135.095 - effect of exemption on other legal encumbrances
- 3 AAC 135.110 - appeal
- 3 AAC 135.120 - definitions
- 3 AAC 136.010 - .045 senior citizen and disabled veteran property tax equivalency payment forms, rent verification, eligibility, eligible costs, age verification, veteran's disability verification, computation of payment
- 3 AAC 136.060 - definitions
- 3 AAC 138.010 - 020 - farm and agricultural land assessment and deferment application forms, income verification
- 3 AAC 138.030 - appeal
- 3 AAC 138.040 - 050 - municipal maintenance of agricultural land records, confidentiality
- 3 AAC 138.060 - definitions
- 3 AAC 139.010 - state assessor review of written complaint, review of municipal records
- 3 AAC 139.020 - state assessor notification of error
- 3 AAC 139.030 - appeal of state assessor's determination
- 3 AAC 139.900 - definitions
- 15 AAC 56.005-.010 - oil and gas exploration production and pipeline property tax, filing property statement with state, notice of assessment, municipal notification
- 15 AAC 56.015-.045 - standing to appeal, appeal to state, appeal to assessment review board, assessment review board hearing, supplementary assessments
- 15 AAC 56.050-.065 - credit and refund of oil & gas property tax, payment due date,
- 15 AAC 56.070 - average per capita full and true value determination and notification
- 15 AAC 56.075-.110 - taxable oil & gas property, exploration, production, pipeline property
- 15 AAC 56.120 - intangible drilling expenses
- 15 AAC 56.130 - preservation of municipal powers

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