MATANUSKA-SUSITNA BOROUGH INFORMATION MEMORANDUM IM No. 26-154

SUBJECT: AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMENDING MSB 3.04.077(A) TO LOWER THE AREAWIDE REAL PROPERTY TAX CAP FROM 9.5 MILLS TO 7 MILLS.

AGENDA OF: Choose an item.

ASSEMBLY ACTION:

AGENDA ACTION REQUESTED: Introduce and set for public hearing.

Route To	Signatures
Originator	7/21/2026 X Nicholas Spiropoulos Signed by: Nicholas Spiropoulos
Finance Director	Recoverable Signature X Cheyenne Heindel Signed by: Cheyenne Heindel
Borough Attorney	7/21/2026 X Nicholas Spiropoulos Signed by: Nicholas Spiropoulos
Borough Manager	7/21/2026 X Michael Brown Signed by: Mike Brown
Borough Clerk	7/22/2026 X Lonnie McKe... Signed by: Lonnie McKechnie

ATTACHMENT(S): Ordinance Serial No. 26-095 (2 pp)

SUMMARY STATEMENT: This ordinance is sponsored by Assemblymember Bowles to lower the areawide real property tax cap MSB 3.04.077(A) from 9.5 mills to 7 mills.

Over the past several years, Mat-Su property owners have absorbed significant increases in assessed values. Those higher assessments have expanded the Borough's tax base, allowing essential government services to be funded with a lower tax rate. Locking the areawide mill rate at 7.0 mills would allow taxpayers to share in the benefits of rising property values rather than having those gains translated into continually higher tax bills. A stable, lower mill rate promotes affordability, encourages homeownership and investment, and reinforces fiscal discipline by requiring government spending to grow more slowly than the tax base whenever possible.

Property assessments have risen substantially. In recent years, Mat-Su residential property values have increased well above historical norms. For 2026, the average single-family home assessment increased about 7.4%, along with a 15% increase in land values as part of an effort to align assessments with market value.

A larger tax base naturally produces more revenue. Property taxes are calculated by multiplying assessed value by the mill rate. When total assessed value grows, the Borough can collect the same amount of revenue with a lower rate. Alaska's property tax system is designed so the mill rate is established after determining budget needs and total assessed valuation.

Residents are already experiencing higher tax burdens through assessments. Even without increasing the mill rate, many homeowners pay more simply because their homes are worth more on paper. Reducing the mill rate helps prevent "double taxation" through both higher values and higher rates.

Government revenue has grown alongside population and development. The Borough has added new homes, commercial development, and taxable property each year, expanding the tax base beyond appreciation alone. That growth allows essential services to be funded without relying solely on a higher rate.

In FY2026, the Assembly reduced the areawide mill rate from 8.748 to 8.485 mills, acknowledging rising property values while continuing to fund Borough services. In FY2027, the Assembly reduced it again to 7.955 mills, citing the expanded tax base and maintaining nearly the same level of operations. A strong fiscal argument for locking the Matanuska-Susitna Borough's areawide mill rate at 7.0 mills is that rapid growth in assessed property values has already increased the Borough's tax base. If property values rise significantly, the Borough can often generate the same, or greater, revenue with a lower mill rate.

RECOMMENDATION OF ADMINISTRATION: Introduce and set for public hearing.