



City and Borough of Juneau  
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TO: Deputy Mayor Smith & Assembly Committee of the Whole  
DATE: February 24, 2025  
FROM: Robert Barr, Deputy City Manager  
RE: Property tax incentives for economic development

CBJC 69.10.023 provides for property tax incentives for economic development in three general categories:

1. Assisted living for senior citizens
2. Downtown multifamily
3. High-density residential with in the urban service area

As currently implemented, developers may begin receiving up to 12 years of tax abatement beginning January 1<sup>st</sup> of the year after they receive a certificate of occupancy (CO). Waiting for a CO ensures the facility being constructed was completed and is fulfilling its intended purpose. It also ensures that the developer receives the maximum amount of abatement possible, as the assessed value of the facility will be at its highest when it is complete versus in an under-construction state.

CBJ currently has one property eligible for tax abatement and several more in the queue. The developer of the existing eligible property desires their tax abatement begin calendar year 2023, when the building was under construction, rather than 2024, when the building was complete.

Ordinance 2025-20 would provide the Assessor the ability to retroactively approve<sup>1</sup> an application for tax abatement in a scenario where construction spans multiple years, as it did for this development, when it is also desired by the developer. This allows the developer to essentially choose between:

- 12 years of tax abatement, receiving less abated value in the first year and full value for the final 11 years, versus
- 12 years of tax abatement, receiving full value for all 12 years

The financial impact to CBJ is roughly the same in either scenario – 12 years of property tax are abated in both cases, slightly less in the first than the second, but abatement begins sooner in the first and assuming positive inflation over time, the time value of money likely offsets any long-term savings to the CBJ by allowing for this flexibility. From the perspective of a developer, the flexibility to begin abatement earlier is attractive – penciling out projects is harder during construction and the first few years of operation. CBJ is protected from failed projects by enabling this flexibility retroactively – all the provisions of 69.10.023 must still be met before tax bills are abated.

**Recommendation:**

Discuss, modify if desired, and move Ordinance 2025-20 to the Assembly for public hearing and adoption

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<sup>1</sup> And remove any late fines or fees that have accumulated due to this specific circumstance