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JEDC Research Note
Impact of Potential Sales and Property Tax Changes on Juneau Residents
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Our community requires and expects a certain level of services from local government. To pay for those desired services, CBJ collects fees, revenues, and taxes. As the community considers potential changes to Sales Tax and Property Tax, these changes will have different impacts not only on CBJ income, but also on who pays any levied taxes. Since many Juneau citizens find some dimensions of Juneau difficult to afford, we have examined the impacts of changes in economic burden in the form of a sales tax on Juneau residents. Depending on how sales tax and property tax are structured, those impacts will vary by various demographics like age, income, and family size. This report examines the current state of sales and property tax burdens for Juneau households alongside the potential ramifications of proposed ballot initiatives related to sales tax and property tax.

Executive Summary

- Juneau has a highly seasonal economy. Sales tax revenue is highest during Q2 and Q3 due to the visitor industry, fishing and seafood processing, and increased spending by locals.
- Juneau is facing a cost-of-living crisis, most notably within the housing sector, which risks pricing out many lower- or middle-income households and causing negative economic ramifications.
- Juneau's sales tax is regressive, putting a higher proportional burden on lower-income families. Exempting key goods and services such as groceries and utilities can help alleviate this disproportionate burden, and implementing a seasonal sales tax could both help the city earn more in overall sales tax revenue and shift this burden more onto summer tourists. There is precedent for this type of tax policy, especially among comparable tourism-focused economies.
- Juneau's property tax is regressive, putting a higher proportional burden on lower-income families. High housing prices in Juneau exacerbates this issue. Renters are also affected via pass-through costs, resulting in higher rent. The property tax exemption for seniors benefits many households, with nearly 30% of Juneau Single-Family Homes, Townhomes, and Condos currently being exempted. This number of exempted properties is expected to increase as Juneau residents age, shifting more of the tax burden onto younger homeowners. A potential ballot initiative capping the mill rate at 9.00 also risks removing flexibility for future fiscal scenarios.
- Still, there are many ways that the property tax code could be changed to make it more progressive. Examples include a flat homestead exemption, a low-income exemption, income-based cutoffs, tiered property taxation structures, and renter rebates. Homestead exemption is a somewhat common method of providing property tax relief to residents in a progressive manner.

Regressive Taxation

A regressive tax takes up a larger percentage of income from low-income individuals than from high-income earners. While these taxes are often flat in amount or rate, they disproportionately burden those with fewer resources. Key characteristics of a regressive tax include: a flat or fixed amount often charged as a uniform fee or rate regardless of income, disproportionate impact which hits lower-income individuals harder in relative terms, and a tax that is not income-sensitive and does not scale with income or wealth.

Even if a tax is technically levied on visitors, it can still be regressive in effect if: 1) the revenue is not reinvested into services that locals use; 2) it raises the cost of living. In Juneau, there are currently several examples of ways lower income households are disproportionally impacted in a tourism context including a flat sales tax, price surges, bus and transit congestion, and flat utility/permit fees (Table 1).

Table 1: Local Examples in a Tourism Context

Type	Who Pays	Regressive Impact
5% Sales Tax	Consumers	Lower-income residents spend a higher percentage of their income on taxed essentials.
Price Surges	Residents and Visitors	Locals face inflated food, fuel, and service costs during tourist season — without matching income increases.
Cruise Head Tax	Cruise Lines (indirectly tourists)	When funds support tourist infrastructure alone, locals might subsidize impacts without receiving commensurate benefits.
Bus & Transit	Residents	Locals are displaced when public transportation systems they rely on are overly congested with visitors.
Flat Fees	All households	Equal charges for utility and permitting fees mean a greater financial burden for low-income families.

In contrast to regressive taxes, a progressive tax accounts for income or wealth, levying higher proportional taxation on wealthier or high-income individuals. The U.S. federal income tax is an example of progressive taxation, since higher taxes rates are levied on higher income tracts.

Summer Peak Spending

Summer is widely recognized as a peak economic period in the United States and globally, characterized by elevated consumer spending across nearly all demographics (Table 2). It serves as a critical revenue season by activating spending across all age groups and demographic types. This seasonal surge in economic activity is especially pronounced in tourist towns like Juneau, where locals and visitors alike contribute to a cyclical boom. In Juneau, locals are not passive observers of this economic boom; they are key participants. Key factors driving summer spending include: 1) increased disposable income[1] in the form of tax refunds, bonuses, and seasonal employment (especially among youth[2]); 2) school holidays fuel consumer behavior through significant increases in family spending for recreation, travel, and enrollment in paid youth programs[3]; and 3) longer daylight hours mean more hours for commerce activity in sectors that offer shopping, dining, and events in the evening[4]. Additionally, locals will often spend more money locally during the summer season to participate in community

[1] IRS Filing Season Statistics (2023).
[2] U.S. Bureau of Labor Statistics.(2024). Employment and unemployment among youth.
[3] U.S. Census Bureau. (2022). Vacation planning and spending behavior.
[4] U.S. Department of Energy. (2016). Impact of daylight-saving time.

events and enjoy their town while it's fully activated for tourism[5]. This includes local employees working in hospitality, retail, and transportation, earning most of their annual income during the summer. Other economic ripple effects include small businesses and seasonal pop-ups that are bolstered by a mix of local and tourist spending, community-wide events such as festivals, live music, and cultural celebrations that generate retail and food service demand from both tourists and locals, as well as potential price inflation during tourist season which can directly affect residents, leading to higher expenditures even for basic goods and services[6].

Table 2: Key Summer Spending Patterns by Demographic Segment

Families	Travel, childcare, entertainment, home improvement
Young Adults	Concerts, nightlife, summer fashion, dating and experiences
Older Adults/Seniors	Leisure travel, visiting family, dining out, cultural events
Youth/Teens	Tech, fashion, social outings, summer jobs fuel independence
Seasonal Workers	Spend rapidly due to "cash flow now, scarcity later" mindset

Seasonal Taxation in Other Tourist Destinations

For context as CBJ considers options for capturing incremental revenue from visitors in the form of a seasonal tax, other tourism-oriented destinations in the U.S., as well as Portugal and Spain, levy tourism taxes and property taxes on visitors with exemptions to protect residents (Table 3).

Table 3: Examples of Seasonal Taxation in Other Tourist Destinations

Location	Tax Type	Seasonally Adjusted?	Local Impact
Rapid City, South Dakota USA	Statewide Tourism Tax (1.5%)	Yes	Broadly applied to certain exempt events (e.g., fairs); revenue supports state-level tourism.
Statewide, Florida USA	Property Tax Protections	No	Locals shielded via Homestead Exemption and 3% "Save Our Homes" cap; tourists bear real estate costs.
Faro, Algarve Region Portugal	Year-Round Tourist Tax	Tiered by Season	Exemptions for locals, students, and essential workers; supports infrastructure and sustainability.
Ibiza, Balearic Islands Spain	Sustainable Tourism Tax	Yes	Residents are exempt; funding supports local tourism. infrastructure & ecological efforts.
Palma, Balearic Isles Spain	Sustainable Tourism Tax	Yes	Residents are exempt; revenue supports environmental and cultural preservation initiatives.

[5] State of Alaska. (2023). Department of Commerce, Community, and Economic Development.
[6] Economic Impact Series. (2023). University of Alaska Southeast.

Tourism is vital to Juneau's economy, and it will be important to avoid poorly structured taxation or spending policies which could harm the very residents who make this city function year-round. Fairness, transparency, and reinvestment into the community are essential to a sustainable future.

Sales Tax Considerations

CBJ Sales Tax is 5% on almost all sales in Juneau, with some exemptions for specific items and for seniors aged 65+[7]. On average, 35-45% of a local year-round resident's income is subject to this sales tax[8]. In Juneau, the median household income is $100,513[9]. This means that the median household in Juneau spends about $35,000-$45,000 on taxed goods per year, paying $1,750-$2,250 in sales tax.

Sales tax is considered a "regressive" tax, meaning it places a higher proportionate burden on low-income households than high-income households. Low-income households typically spend a higher percentage of their annual income on taxable goods and services, while high-income households put more money into non-taxed categories such as savings or investments. An examination of 2023 Consumer Expenditures by Income Quintile data[10] reveals a direct correlation between income quintile and the percentage of income dedicated to food, utilities, and savings/investment (Table 4 and Table 5).

Table 4: Percent of Income Dedicated to Staple Foods and Utilities by Income Quintile

	Lowest 20	Second 20	Third 20	Fourth 20	Highest 20
Staple Food %	8.0%	7.0%	6.4%	5.7%	4.5%
Utilities %	8.7%	8.1%	6.9%	6.0%	4.3%
Combined	16.7%	15.1%	13.3%	11.7%	8.8%

Table 5: Percent of Income Dedicated to Savings and Investments by Income Quintile

	Lowest 20	Second 20	Third 20	Fourth 20	Highest 20
Savings/Invest	6.4%	13.7%	21.0%	29.8%	39.0%

The arrangement of a household is another consideration. Individuals or couples with children or other dependents, for example, are likely to put a higher proportion of their earnings toward food or other categories.[11]

Juneau's economy is highly seasonal due to major seasonal industries such as tourism and seafood. Time of year impacts how much sales tax is collected and how much people pay: sales tax revenues from winter months (October-March) are significantly lower than revenues from summer months (April-September) due to heightened economic activity and spending by the over 1.6 million cruise passengers who visit Juneau every

[7] Sales Tax Exemption Summary, CBJ Ordinance 69.05.040
[8] US BLS, 2022-23 Consumer Expenditures Report
[9] US Census Bureau, ACS 5-Year Estimates 2019-2023
[10] US BLS, 2023 Consumer Expenditures, Table 1101 Quintiles of income before taxes
[11] U.S. Bureau of Labor Statistics. (2023). 2022-23 Consumer expenditures report.

summer. In 2024, summer sales tax revenue was 120% higher than winter revenue. With tourist-related business categories separated out, summer sales tax revenue was 84% higher than winter sales tax[12].

A seasonal sales tax has been proposed to help generate tax revenue while shifting more of the tax burden onto summer tourists. In a scenario where there is a 4.5% sales tax during winter and a 6.75% sales tax during summer AND groceries/utilities are exempted, total sales tax revenue would increase by almost $10 million annually. This includes a $6 million increase in tax revenue from tourist-related business categories, and a $4 million increase in tax revenue from all other business categories. Resident sales taxes would slightly increase to an annual average rate of 5.625% for year-round residents – or an increase of about $250 annually for a median household income spending 40% of their income on sales taxed goods. However, this would be offset by grocery and utilities exemptions, which would alleviate about $555 in taxes annually, equating to a total annual benefit of about $305 for year-round locals[13,14, 15, 16].

In summary, sales tax is a regressive form of taxation that puts a higher proportional burden on low-income households, especially given the current lack of exemptions for staple groceries and utilities, which are necessary costs for any household. Currently, almost all states have some form of sales tax exemptions for grocery items[17], highlighting that this is a common and effective strategy to help tailor a tax code to be more progressive. Another added benefit of a more progressive tax system is that lower-income households tend to circulate more income back into the economy through consumption of local goods and services, whereas higher-income households tend to invest and save additional disposable income or spend outside of the local community[18].

Property Tax Considerations

The current property tax rate in Juneau stands at 10.04 mills (or 1.004%), of which 1.08 mills are dedicated to debt service. Without debt service, Juneau's mill rate stands at 8.96 mills. Currently, the mill rate is capped at 12.00 mills, which does not include additional property tax that is "required to serve general obligation indebtedness". One proposed ballot measure aims to cap the non-debt related mill rate at 9.00 mills, which would render the proposed increase to 10.24 for next year's budget unfeasible – if passed, this ballot measure would require the Juneau Assembly to get special approval from voters to increase the mill rate past 9.00[19].

In addition to sales tax revenue, property taxes are a major source of revenue for local government. In 2025, the mill rate stands at the lowest on record (1998-2025), with the 2024 rate of 10.16 mills being the second lowest. In that same period, property values have increased, and new properties have been built. The total inflation-adjusted sum of property values in Juneau has risen from slightly under $2.5 billion to slightly over $3.5 billion

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[12] CBJ Treasury Department. (2024). Juneau sales tax revenue by quarter report.
[13] U.S. Bureau of Labor Statistics. (2023). Consumer expenditures, Table 3033 selected western metropolitan statistical areas.
[14] The Council for Community and Economic Research. (2023). Q1 2025 cost of living report.
[15] CBJ Treasury Department.
[16] JEDC.
[17] Tax Foundation, "State and Local Sales Tax Rates, 2025"
[18] OECD, "Trends in Income Inequality and its Impact on Economic Growth", December 2024
[19] Juneau Empire, "Ballot petitions to lower property and sales taxes, alter election process turned into CBJ", May 2025

since 2001. FY25 property tax revenue is projected at $64.2 million, an increase of 0.2% over FY24 (+$0.1 million)[20].

Property tax, theoretically, is a regressive form of taxation. Since it operates independently of income, two owners of a home valued at the same price would pay the same amount of property tax, even if one homeowner was substantially wealthier. In practice, however, whether property taxation is regressive or progressive depends on several factors. It is generally assumed that income level is correlated with home value; high-income earners will purchase high-value homes and low-income earners will purchase lower-value homes. In Juneau, where $560,000 is the median sales price for a single-family home[21], there are far fewer low-price options, which may push lower-income individuals to spend a higher amount for their home in proportion to their income[22].

Table 6 illustrates the regressive nature of Juneau's current property tax code, comparing income and home value percentiles for residential single-family homes, townhomes, and condominiums in Juneau.

Table 6: Juneau Tax Burden by Income & Home Value Percentiles for SFH, Townhomes, Condos[23,24]

Percentile	Home Value	Income	Tax (1.004%)	Tax as % Income
25th	$366,825	$58,000	$3,683	6.35%
Median	$458,800	$100,513	$4,606	4.58%
75th	$573,775	$135,000	$5,761	4.27%
90th	$718,200	$200,000	$7,211	3.61%

The method of property assessment also matters. Certain methods of assessing property value can overvalue lower priced homes and undervalue higher priced homes, leading to an outsized burden on owners of lower priced homes, which would exacerbate regressivity. In the opposite case, the tax would be more progressive.

Another common assumption is that property taxes are progressive in that they do not levy tax on renters, who typically earn less than homeowners. Research shows that property tax burdens are often passed on to renters in the form of rent increases. Research shows that 9-14% of rent prices tend to be pass-through costs from property taxes levied on the property owner or landlord[25].

Currently, Juneau offers two major property tax exemptions: up to $150,000 in assessed value can be exempted for senior citizens and disabled veterans. The senior exemption is most common. Among residential Juneau Single-Family Homes (SFH), Townhomes, and Condominiums, 28.6% of properties include senior exemptions,

[20] CBJ FY25 Adopted Budget Book
[21] Multiple Listing Service. (2024). Juneau, Alaska.
[22] National Association of Realtors. (2025). Housing affordability and supply.
[23] CBJ Assessor's Database.
[24] U.S. Census Bureau (2023). 2019-2023 five-year estimates of income in past 12 months; Table 1901.
[25] US Census Bureau. (2020). The shifting of the property tax on urban renters (working paper).

and 1.1% include disabled veteran exemptions. In total, nearly 30% of Juneau SFH/Townhomes/Condos are owned by seniors or disabled veterans that qualify for property tax exemptions[26].

Across all property types, the total amount of exempted property value for senior exemptions is $382.3 million, which is about $3.84 million in potential property tax revenue at 10.04 mills. The total exempted amount for disabled veterans is $15.6 million, or about $0.16 million. The total potential property tax revenue loss from these two property tax exemption types is around $4 million annually, based on current 2025 assessed property values. The average exempted value is $144,279 for seniors, and $148,227 for disabled veterans[27].

Juneau has an aging population. From 2014 to 2024, the overall population decreased by 1,820 (-5.5%), but the share of population aged 60+ increased by 2,145 (+38.3%). The proportion of citizens aged 60% grew from 16.8% of the population in 2014 to 24.6% of the population in 2024[28]. In the same period, all other age groups observed declines in population. Given that Juneau's aging trend has been projected to continue[29], the city can expect to see an increase in the number of homeowners eligible for the senior property tax exemption.

Table 7: Juneau Population by Age Group, 2014-2024[30]

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
0 to 19	8,351	8,326	8,189	7,997	7,923	7,803	7,641	7,570	7,355	7,203	7,107
20 to 39	9,229	9,395	9,235	9,149	9,204	9,214	9,190	9,017	8,703	8,606	8,473
40 to 59	10,081	9,844	9,596	9,312	9,025	8,846	8,583	8,393	8,312	8,136	8,116
60+	5,595	5,880	6,061	6,271	6,512	6,681	6,841	7,259	7,464	7,604	7,740
Total	33,256	33,445	33,081	32,729	32,664	32,544	32,255	32,239	31,834	31,549	31,436

The context of Juneau's ongoing housing crisis and resulting difficulty for younger families to afford to purchase a home makes this outcome even more likely. Thus, the city should plan around potential decreases (in real, inflation adjusted dollars) in property tax revenue, especially if property values begin to plateau after sharp increases post-COVID-19. Juneau's tax burden can be expected to shift even further onto younger homeowners.

In Juneau, 2.3% of householders are 15 to 24 years of age, 34.4% are 25 to 44, 39.3% are 45 to 64, and 24% are 65 years or older[31]. Generally, income is lowest for the youngest group, peaks in the 45 to 64 group, and then decreases for the oldest group (seniors). Income tends to decrease for seniors because those aged 65+ typically begin to rely on social security or retirement payments rather than wages.

[26] CBJ Assessor's Database.
[27] CBJ Assessor's Database.
[28] Alaska Department of Labor Population Estimates.
[29] Alaska Department of Labor Population Projections
[30] Alaska Department of Labor Population Estimates
[31] US Census Bureau Table S1903 Median Income in Past 12 Months, ACS 5-Year Estimates 2019-2023

Policy Considerations

The proposed ballot measure capping the non-debt-service mill rate at 9.00 would not change anything immediately, as the current rate stands at 8.96. However, requiring special voter approval to increase the mill rate further would give CBJ much less flexibility if there comes a time when it would be prudent to raise the mill rate to compensate for lower revenues from other funds or if there is a decrease in non-exempt property tax evaluation totals.

The regressive nature of most property taxes, including Juneau's, was discussed earlier. There exist a variety of potential policy mechanisms that can be put in place to make property tax more progressive and thus increase Juneau's affordability for lower-income families:

1. **Tiered Rate Structure**: Marginal tax rate applied to home value.
    a. *Example*: Levy 0.8% property tax on first $500k value of home, 1% for $500k-$1m, 1.2% for $1m+.
2. **Low-Income Exemptions**: Strengthen exemptions for low-income households.
    a. *Example*: Expand $150,000 exemption to low-income households making below 80% of median area income.
3. **Income-Based Cutoffs**: Cap property taxes at a % of household income.
    a. *Example*: Cap property taxes at 5% of annual household income.
4. **Renter Tax Relief**: Implement tax rebate for some amount of rental cost to offset pass-through property tax burden.
    a. *Example*: 5% of monthly rent, assumed as pass-through cost, is refunded to renter by the city.
5. **Flat Exemption**: Reduce property tax assessment of all households to lower proportional burden on lower value homes. This is often called a "homestead exemption".
    a. *Example*: All Juneau homeowners receive an exemption for $100,000 off of assessed value.

Case Study: Fairbanks Homestead Exemption

A flat or "homestead" exemption is in place in several Alaska communities, such as Fairbanks, Anchorage, Valdez, and Kenai. These exemptions are typically applied only to **primary** residences owned by residents. This is considered a progressive policy, in that it reduces the proportional burden more for owners of lower-value homes. This effect is illustrated below in Table 8.

Table 8: Progressive Impact of Flat Exemption

Percentile	Home Value	Income	Tax (1.004%)	Tax as % Income	Post-Exemption Value	Tax (1.004%)	Tax as % Income	Change in % Income
25th	$366,825	$58,000	$3,683	6.35%	$316,825	$3,181	5.48%	-0.87%
Median	$458,800	$100,513	$4,606	4.58%	$408,800	$4,104	4.08%	-0.50%
75th	$573,775	$135,000	$5,761	4.27%	$523,775	$5,259	3.90%	-0.37%
90th	$718,200	$200,000	$7,211	3.61%	$668,200	$6,709	3.35%	-0.26%

In Fairbanks North Star Borough, residents can apply for a “Borough Residential Exemption”, provided they meet the following criteria:

1. You must be an owner of record (have your name on title) prior to January 1 of the calendar year you are seeking the exemption. Property cannot be in a business name (LLC, partnership, corporation, etc.).
2. You must reside on that parcel as your primary residence on or before January 1 of the tax year you are seeking the exemption.

Only one exemption is granted to a household. A married couple may only receive an exemption on one parcel. Qualified homeowners can receive an exemption equal to $50,000 of the assessed value. This is granted in addition to other eligible exemptions such as the Senior Citizen or Disabled Veteran exemptions.

What if Juneau were to apply the same type of exemption to resident homeowners’ primary residence? After applying filters to the 2025 Assessor’s Database, we estimate around 8,556 properties would be eligible for a homestead exemption (60.6% of all currently assessed properties). This is likely a high estimate, as it is difficult to determine whether a property is a primary residence or filter out corporate entities that don’t use certain keywords. The combined assessed value of these “eligible” properties would be about $3.86 billion, or 57.5% of the total value of all assessed Juneau properties.

If a $50,000 homestead exemption was applied to these 8,556 households, it would result in an average tax break of $502 per household, with a total of about $4.3 million less property tax being collected by the city. As noted previously, this would have an outsized impact on owners in lower income tracts with lower valued homes regarding the proportion of income spent on property tax. In this scenario, to see no change in property tax revenue, the city would need to raise the overall mill rate by 0.68 mills up to a total of 10.72 mills.

Table 9 shows the shift in tax burden away from lower-income families toward high-income earners with high-valued properties. In this scenario, tax burden is shifted away from the 25th income percentile by 0.49%, away from the median by 0.22%, away from the 75th percentile by 0.11%, and away from the 90th percentile by 0.02%. With the homestead exemption in place, the higher rate of 10.72 mill levy would result in owners with homes worth **less** than $722,668 (pre-exemption) would pay less tax than at the 10.04 rate with no exemption, while homeowners with homes worth **more** than $722,668 would pay more.

Table 9: Tax Burden Shift, Net Neutral Scenario[32,33]

Percentile	Home Value	Income	Tax (1.004%)	Tax as % of Income	Post-Exemption Home Value	Tax (1.072%)	Tax as % of Income	Change in % of Income
25th	$366,825	$58,000	$3,683	6.35%	$316,825	$3,396	5.86%	-0.49%
Median	$458,800	$100,513	$4,606	4.58%	$408,800	$4,382	4.36%	-0.22%
75th	$573,775	$135,000	$5,761	4.27%	$523,775	$5,615	4.16%	-0.11%
90th	$718,200	$200,000	$7,211	3.61%	$668,200	$7,163	3.58%	-0.02%

[32] CBJ Assessor’s Database.

[33] U.S. Census Bureau (2023). 2019-2023 five-year estimates of income in past 12 months; Table 1901.