

ANCHORAGE, ALASKA

AO No. 2017-149(S-1)

1
2 AN ORDINANCE SUBMITTING TO THE QUALIFIED VOTERS OF THE
3 MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION AMENDING THE
4 ANCHORAGE MUNICIPAL CHARTER TO ADOPT A WHOLESALE SALES TAX
5 ON ALCOHOLIC BEVERAGES; TO ESTABLISH ~~[AN INITIAL RATE OF LEVY~~
6 ~~AND]~~ A “NOT TO EXCEED” MAXIMUM RATE; TO AUTHORIZE THE
7 ASSEMBLY TO SET THE INITIAL RATE AND EFFECTIVE DATE, AND TO
8 ADJUST THE TAX RATE OF LEVY BY ORDINANCE WITHOUT ADDITIONAL
9 VOTER APPROVAL PROVIDED UPWARD ADJUSTMENTS ARE ALLOWED
10 ONLY ONCE EVERY TWO YEARS, AN ADJUSTMENT DOES NOT INCREASE
11 THE RATE MORE THAN TWO PERCENT (2%), AND THE RATE OF LEVY
12 NEVER EXCEEDS THE MAXIMUM AUTHORIZED BY THE VOTERS; AND
13 DEDICATING THE NET RECEIPTS [REVENUE] FROM SAID TAX TO HEALTH
14 AND PUBLIC SAFETY USES RELATED TO CONSUMPTION OR USE OF
15 ALCOHOLIC BEVERAGES OR DRUGS; TO ALLOW USE OF THE NET
16 RECEIPTS TO SUPPORT PROGRAMS AND PROJECTS OF THE
17 MUNICIPALITY, INCLUDING THE PAYMENT OF FINANCING OBLIGATIONS
18 FOR SUCH PROJECTS; [TO AUTHORIZE THE ISSUANCE OF REVENUE
19 BONDS FOR SUCH PURPOSES;] [REVENUE TO FINANCE BONDS FOR
20 PROGRAMS AND PROJECTS RELATED TO ALCOHOL AND/OR DRUG
21 TREATMENT AND REHABILITATION;] AND TO PROVIDE FOR APPROVAL BY
22 A MAJORITY (FIFTY PERCENT PLUS ONE) OF QUALIFIED VOTERS VOTING
23 ON THE QUESTION.

24
25 THE ANCHORAGE ASSEMBLY ORDAINS:

26
27 **Section 1.** Pursuant to state law and the Anchorage Municipal Charter, a ballot
28 proposition in substantially the same form as appears in Section 2 below shall be
29 placed on the ballot and submitted to the qualified voters of the Municipality at the
30 regular municipal election on April 3, 2018.

31
32 **Section 2.** The proposition shall be presented in substantially the following form:

33
34 PROPOSITION NO. _____

35
36 CHARTER AMENDMENT TO AUTHORIZE A WHOLESALE SALES TAX
37 ON ALCOHOLIC BEVERAGES, ESTABLISHING A MAXIMUM RATE AND AN
38 INITIAL RATE WITH PERIODIC INCREASES BY THE ASSEMBLY ALLOWED;
39 DEDICATING THE NET RECEIPTS [REVENUE] TO HEALTH AND PUBLIC
40 SAFETY USES RELATED TO CONSUMPTION OR USE OF ALCOHOLIC
41 BEVERAGES AND/OR DRUGS, AND AUTHORIZING ~~[THE ISSUANCE OF~~
42 ~~REVENUE BONDS AND THE]~~ USE OF THE NET RECEIPTS [REVENUE] TO
43 FINANCE BONDS AND OTHER OBLIGATIONS FOR RELATED CAPITAL

IMPROVEMENT PROJECTS [~~RELATED TO ALCOHOL AND/OR DRUG TREATMENT OR REHABILITATION~~].

This proposition would amend the Anchorage Municipal Charter by adding a new section 14.07 to read as follows:

Section 14.07 Alcoholic beverages wholesale sales tax.

- (a) The assembly is hereby authorized, to the extent provided by law, to levy a tax on all wholesale sales of alcoholic beverages in an amount not to exceed ten [six] percent (10 [6]%) of the wholesale sales price. The initial rate of levy shall be no greater than five [two] percent (5 [2]%). The assembly by ordinance shall determine the initial rate and effective date [July 1, 2018].
- (b) The tax rate on wholesale sales of alcoholic beverages may, without additional voter approval, be increased by the assembly by ordinance no more frequently than once every two years, subject to the limitations in this section. An adjustment to the tax rate shall have a prospective [July 1] effective date that coincides with a tax reporting period [with the year to be specified in the enactment ordinance]. Any increase in this tax shall not exceed two percent greater than the tax rate in effect at the time of the increase. Any increase by the assembly by ordinance as authorized by this section shall be considered authorized by voter approval under Section 14.03(b)(3) of this Charter, and added to the base amount for the calculations of the subsequent year tax increase limit in accordance with Section 14.03(c).
- (c) The net receipts from the wholesale sales tax on alcoholic beverages, after payment of the costs of administration, collection and audit to the municipality, [Revenues received from this tax] are dedicated to providing for and financing alcohol and/or drug treatment or rehabilitation programs and facilities, including housing, and [emergency transportation,] public safety purposes related to detrimental primary and secondary effects of alcohol or

1 drug abuse[, ~~and housing programs, including~~
2 ~~housing programs for chronic inebriates~~].

3
4 (d) ~~[The assembly may authorize the issuance of revenue~~
5 ~~bonds for the purposes described in subsection (c).]~~
6 **The assembly may by ordinance direct the use of**
7 **net receipts from the tax to support obligations**
8 **incurred by or on behalf of the municipality in order**
9 **to finance projects described in subsection (c).** [~~if~~
10 ~~bonds are issued to finance the acquisition or~~
11 ~~construction of facilities for alcohol and/or drug~~
12 ~~treatment, rehabilitation or housing, the revenue~~
13 ~~derived from this tax may be used to pay annual~~
14 ~~principal, interest and other carrying costs of said~~
15 ~~bonds.~~]

16
17 (e) The assembly shall enact such additional provisions,
18 not inconsistent with this section, as necessary or
19 desirable to implement this section. The assembly may
20 prescribe exemptions to the tax imposed by this section
21 by ordinance.

22
23 And by amending Anchorage Municipal Charter, Article II (4), and Charter
24 §14.01(b) as follows (**underlined and bolded words** are proposed new
25 words; ~~strikeouts in bold~~ are proposed deletions):

26
27 **ARTICLE II BILL OF RIGHTS**

28
29 This Charter guarantees rights to the people of Anchorage
30 that are in addition to rights guaranteed by the Constitution of
31 the United States of America and the Constitution of the State
32 of Alaska. Among rights guaranteed by this Charter are:

33
34 *** **
35 (4) the right of immunity from sales taxes, except upon
36 approval by three-fifths (3/5) of the qualified voters
37 voting on the question, except the ~~taxes~~**es** imposed by
38 Charter § 14.05 **and Charter § 14.07** shall be effective
39 if approved by a majority (50 percent + one) of the
40 qualified voters voting on the question.

41
42 **Section 14.01 Taxing Authority**

43
44 *** **

1 (b) Unless otherwise provided in this Charter, no sales tax
 2 ordinance is valid until ratified by three-fifths (3/5) of
 3 those voting on the question at a regular or special
 4 election, except the tax imposed by Charter § 14.05
 5 **and Charter § 14.07** shall be effective if approved by
 6 a majority (50%+ one) of the qualified voters voting on
 7 the question.
 8

9 If approved by the voters at the April 3, 2018 Regular Election, the
 10 amendments to the Charter above shall be effective **upon certification of**
 11 **the election [July 1, 2018].**
 12

13 Shall the Anchorage Municipal Charter be amended as set forth above, and
 14 the wholesale sales tax on alcoholic beverages be approved?
 15

16 YES NO
 17

18 **Section 3.** Section 1 of this ordinance shall become effective immediately upon
 19 passage and approval by two-thirds of the total membership of the Assembly as set
 20 forth in Charter Section 18.02.
 21

22 **Section 4.** The proposition contained in Section 2 of this ordinance shall be
 23 incorporated into The Home Rule Charter for the Municipality of Anchorage, Alaska,
 24 and ~~[the wholesale sales tax on alcoholic beverages shall be]~~ effective **upon**
 25 **and [July 1, 2018, but]** only if the proposition is certified as approved by a majority
 26 of the qualified voters voting on said proposition at the regular municipal election of
 27 April 3, 2018. **The remainder of this ordinance is effective upon passage and**
 28 **approval.**
 29

30 PASSED AND APPROVED by the Anchorage Assembly this _____ day of
 31 _____, 2018.
 32

33 _____
 34
 35 Chair

36 ATTEST:
 37

38 _____
 39
 40 Municipal Clerk



MUNICIPALITY OF ANCHORAGE

Assembly Memorandum

No. AM 756-2017(A-2)

Meeting Date: January 23, 2018

1 **From:** ASSEMBLY CHAIR TRAINI
2

3 **Subject:** AO 2017-149(S-1) – AN ORDINANCE SUBMITTING TO THE
4 QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE
5 A BALLOT PROPOSITION AMENDING THE ANCHORAGE
6 MUNICIPAL CHARTER TO ADOPT A WHOLESALE SALES TAX
7 ON ALCOHOLIC BEVERAGES; TO ESTABLISH ~~[AN INITIAL~~
8 ~~RATE OF LEVY AND]~~ A “NOT TO EXCEED” MAXIMUM RATE;
9 TO AUTHORIZE THE ASSEMBLY TO SET THE INITIAL RATE
10 AND EFFECTIVE DATE, AND TO ADJUST THE TAX RATE OF
11 LEVY BY ORDINANCE WITHOUT ADDITIONAL VOTER
12 APPROVAL PROVIDED UPWARD ADJUSTMENTS ARE
13 ALLOWED ONLY ONCE EVERY TWO YEARS, AN ADJUSTMENT
14 DOES NOT INCREASE THE RATE MORE THAN TWO PERCENT
15 (2%), AND THE RATE OF LEVY NEVER EXCEEDS THE
16 MAXIMUM AUTHORIZED BY THE VOTERS; AND DEDICATING
17 THE NET RECEIPTS [REVENUE] FROM SAID TAX TO HEALTH
18 AND PUBLIC SAFETY USES RELATED TO CONSUMPTION OR
19 USE OF ALCOHOLIC BEVERAGES OR DRUGS; TO ALLOW USE
20 OF THE NET RECEIPTS TO SUPPORT PROGRAMS AND
21 PROJECTS OF THE MUNICIPALITY, INCLUDING THE PAYMENT
22 OF FINANCING OBLIGATIONS FOR SUCH PROJECTS; ~~[TO~~
23 ~~AUTHORIZE THE ISSUANCE OF REVENUE BONDS FOR SUCH~~
24 ~~PURPOSES;]~~ [REVENUE TO FINANCE BONDS FOR
25 PROGRAMS AND PROJECTS RELATED TO ALCOHOL AND/OR
26 DRUG TREATMENT AND REHABILITATION;] AND TO PROVIDE
27 FOR APPROVAL BY A MAJORITY (FIFTY PERCENT PLUS ONE)
28 OF QUALIFIED VOTERS VOTING ON THE QUESTION.
29

30 The S-1 version of this ordinance removes language at the advice of bond counsel
31 regarding authorization to issue revenue bonds. Because of the limitations on
32 issuing revenue bonds in Alaska Constitution Art. IX, Sec. 11, any issuance would
33 be from a public enterprise or public corporation-which may be created in the
34 future- and not in the Municipality’s own name. The Constitution requires revenue
35 bonds to be secured only by the revenues of the enterprise or public corporation.
36 The broader phrase “payment of financing obligations for such projects” includes
37 in its scope the potential to issue revenue bonds from a public corporation or
38 authority, so the revenue-bond specific phrase is removed as unnecessary.
39

1 This change is in three places in the S-1 version: the title of the ordinance, the
2 proposition title on page 1 line 41, and proposed new Charter subsection 14.07(d)
3 on page 3 line 4.

4
5 The broader language already proposed in the ordinance in subsection (d)
6 authorizes the Assembly to “direct the use of net receipts from the tax to support
7 obligations incurred by or on behalf of the municipality.” The scope of this
8 authorization ensures the multitude of financing options available to municipalities,
9 short and long term, may be utilized and secured by the alcohol tax revenue
10 stream.

11
12 Prepared by: Assembly Counsel
13 Respectfully submitted: Dick Traini, Assembly Chair
14 District 4—Midtown