

Submitted by: Mayor Berkowitz, Assembly Member  
Traini, Vice Chair Croft, and Assembly  
Member Rivera  
Prepared by: Mayor's Office and Assembly Counsel  
Reviewed by: Department of Law  
For reading: November 20, 2018

**ANCHORAGE, ALASKA  
AO No. 2018-104**

1  
2 **AN ORDINANCE OF THE ANCHORAGE ASSEMBLY SUBMITTING TO THE**  
3 **QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE A BALLOT**  
4 **PROPOSITION AMENDING THE ANCHORAGE MUNICIPAL CHARTER TO**  
5 **AUTHORIZE A RETAIL SALES TAX ON ALCOHOLIC BEVERAGES AND**  
6 **DEDICATING THE NET RECEIPTS REVENUE TO HEALTH AND PUBLIC**  
7 **SAFETY PURPOSES, INCLUDING FINANCING SUPPORT FOR SUCH**  
8 **PURPOSES; AUTHORIZING THE ASSEMBLY TO IMPLEMENT THE TAX BY**  
9 **ORDINANCE; AND RELATED MATTERS.**

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10  
11 **THE ANCHORAGE ASSEMBLY ORDAINS:**

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13 **Section 1.** Pursuant to state law and the Anchorage Municipal Charter, a ballot  
14 proposition in substantially the same form as appears in Section 2 below shall be  
15 placed on the ballot and submitted to the qualified voters of the Municipality at the  
16 regular municipal election on April 2, 2019.

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

19  
20 PROPOSITION NO. \_\_\_\_\_

21  
22 **CHARTER AMENDMENT**  
23 **RETAIL SALES TAX ON ALCOHOLIC BEVERAGES**  
24 **DEDICATING THE REVENUE TO HEALTH AND PUBLIC SAFETY USES**

25  
26 This proposition would amend the Anchorage Municipal Charter by adding a  
27 new section 14.07 to read as follows:

28  
29 **Section 14.07 Alcoholic beverages retail sales tax.**

- 30  
31 (a) The assembly is hereby authorized to levy a five percent  
32 (5%) tax on all retail sales of alcoholic beverages. The  
33 tax levy shall be effective January 1, 2020.  
34  
35 (b) The net receipts from the retail sales tax on alcoholic  
36 beverages, after payment of the costs of administration,  
37 collection and audit to the municipality, are dedicated to  
38 alcohol and substance misuse prevention and  
39 treatment, community behavioral health programs,  
40 public safety, and homelessness prevention and  
41 response, including abatement of prohibited campsites.

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- (c) The assembly may direct the use of net receipts from the tax to support securing or repaying obligations by or on behalf of the municipality in order to finance projects for purposes described in subsection (b).
- (d) The assembly shall enact such additional provisions, not inconsistent with this section, as necessary or desirable to implement this section. The assembly may prescribe exemptions to the tax imposed by this section by ordinance.

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

**ARTICLE II BILL OF RIGHTS**

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

\*\*\*      \*\*\*      \*\*\*

- (4) The right of immunity from sales taxes, except upon approval by three-fifths (3/5) of the qualified voters voting on the question, except the taxes imposed by Charter ~~§ Section~~ 14.05 and § 14.07 shall be effective if approved by a majority (50 percent + one) of the qualified voters voting on the question.

**Section 14.01 Taxing Authority**

\*\*\*      \*\*\*      \*\*\*

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

1 If approved by a majority of the voters voting on the question at the April 2,  
2 2019 Regular Election, the amendments to the Charter above shall be  
3 effective upon certification of the election.

4  
5 Shall the Anchorage Municipal Charter be amended as set forth above, and  
6 the 5% retail sales tax on alcoholic beverages be approved?

7 Yes [ ] No [ ]  
8  
9

10 **Section 3.** Section 1 of this ordinance shall become effective immediately upon  
11 passage and approval by two-thirds of the total membership of the Assembly as set  
12 forth in Charter Section 18.02. The proposition contained in Section 2 of this  
13 ordinance shall be incorporated into the Home Rule Charter for the Municipality of  
14 Anchorage and effective upon and only if the proposition is certified as approved by  
15 a majority of the qualified voters voting on said proposition at the regular municipal  
16 election of April 2, 2019. The remainder of this ordinance is effective upon passage  
17 and approval.  
18  
19

20 PASSED AND APPROVED by the Anchorage Assembly this \_\_\_\_\_ day of  
21 \_\_\_\_\_, 2018.  
22  
23  
24

25 \_\_\_\_\_  
26 Chair

27 ATTEST:  
28  
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30

31 \_\_\_\_\_  
Municipal Clerk



# MUNICIPALITY OF ANCHORAGE

## Assembly Memorandum

No. AM 721-2018

Meeting Date: November 20, 2018

1 **From:** MAYOR BERKOWITZ, ASSEMBLY MEMBER TRAINI,  
2 VICE CHAIR CROFT, AND ASSEMBLY MEMBER RIVERA  
3  
4 **Subject:** AN ORDINANCE OF THE ANCHORAGE ASSEMBLY  
5 SUBMITTING TO THE QUALIFIED VOTERS OF THE  
6 MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION  
7 AMENDING THE ANCHORAGE MUNICIPAL CHARTER TO  
8 AUTHORIZE A RETAIL SALES TAX ON ALCOHOLIC  
9 BEVERAGES AND DEDICATING THE NET RECEIPTS REVENUE  
10 TO HEALTH AND PUBLIC SAFETY PURPOSES, INCLUDING  
11 FINANCING SUPPORT FOR SUCH PURPOSES; AUTHORIZING  
12 THE ASSEMBLY TO IMPLEMENT THE TAX BY ORDINANCE;  
13 AND RELATED MATTERS.  
14

15 This ordinance proposes a Charter amendment, to be approved by the voters,  
16 authorizing a retail sales tax on alcoholic beverages within the Municipality of  
17 Anchorage. Like marijuana, alcohol should be taxed and contribute to funding  
18 public health and safety in our community.  
19

20 This proposed Charter amendment authorizes the tax levy and has the following  
21 features:  
22

- 23 • Flat retail alcohol tax of 5%, effective January 1, 2020.
- 24 • Outside the "Tax Cap": a "special tax" added to the base for the tax increase  
25 limitation the following year, in accordance with Charter section 14.03(b)(3).
- 26 • Net revenues dedicated to funding alcohol and substance misuse programs  
27 and facilities, and other public safety purposes to address inebriate issues  
28 by funding services such as prohibited campsite cleanups, alcohol and  
29 substance misuse prevention and education programs, the Anchorage  
30 Safety Patrol, and the Anchorage Safety Center.
- 31 • Revenue may be used to pay financing obligations for capital  
32 improvements. This would allow for construction activities for a potential  
33 Alaska Center for Treatment, or secure private investment by providing  
34 guaranty funds in the Pay for Success initiative.
- 35 • Allows the Assembly to create exemptions from the tax by ordinance.  
36

37 This retail sales tax on alcoholic beverages will address the social and economic  
38 costs caused by alcohol to the people of Anchorage. The State of Alaska has an  
39 excise tax on alcohol, but little or no funds collected are reinvested in our  
40 community, where the majority of that state revenue is generated.  
41

42 Other local governments throughout Alaska, from Utqiagvik to Juneau have  
43 approved a sales tax on alcohol. Tax rates vary by jurisdiction, from 3% to 12%.

1 The City of Fairbanks and the Fairbanks North Star Borough both assess alcohol  
 2 with a 5% retail sales tax; the City and Borough of Juneau assesses retail alcohol  
 3 sales at an 8% total tax (3% on alcohol in addition to a 5% general sales tax). If  
 4 voters approve this proposed ballot measure, the result would be \$0.40 on an \$8  
 5 six-pack of beer, \$0.50 on a \$10 mixed drink, \$1.75 on a \$35 bottle of wine, and  
 6 \$2.50 on a \$50 bottle of liquor.

7  
 8 Over the past few decades, Anchorage Assembly members proposed an alcohol  
 9 sales tax with dedicated revenue for similar health and public safety purposes in  
 10 AO 2017-149(S-1), AO 2015-10(S), AO 1994-165, AO 1994-182, AO 1990-073,  
 11 AO 1989-037, and AO 1984-170. Citizens proposed ballot initiatives with similar  
 12 terms and revenue dedication in 2004 and 2007. Another 1994 ordinance  
 13 proposed a wholesale alcohol sales tax to substitute and reduce property taxes.  
 14 None of these past proposals made it to the election ballot for the voters to decide.  
 15 Now, with this proposal, they should at last be given that opportunity by an  
 16 areawide public vote.

17  
 18 Historically, alcohol misuse is harmful to our community but receives inadequate  
 19 funding from the State. Today, with secure funding from a dedicated revenue  
 20 stream, we can develop programs and initiatives that improve the safety and  
 21 welfare of people in Anchorage. The proposition would permit the Assembly, by  
 22 appropriation, to direct the tax revenues to health and safety programs and  
 23 projects including, but not limited to, the following:

24  
 25 Substance misuse treatment and prevention

- 26 ➤ Alaska Center for Treatment
- 27 ➤ Alcohol and substance misuse prevention programs

28 Homelessness

- 29 ➤ Additional camp abatement staff and resources
- 30 ➤ Storage for personal property seized camp abatements
- 31 ➤ Housing and support services
- 32 ➤ Cold-weather sheltering or other emergency system needs

33 Community Behavioral Health

- 34 ➤ Community Outreach Referral and Education (CORE) Team
- 35 ➤ Increased co-responder models for mental health support, such as  
 36 the successful Mobile Intervention Team
- 37 ➤ Expanded Anchorage Safety Patrol coverage (currently limited to  
 38 Downtown, Midtown, Mountain View and Fairview areas)

39  
 40 Prepared by: Mayor's Office and Assembly Counsel  
 41 Approved by: Ona Brause, Chief of Staff  
 42 Concur: Lance Wilber, Director, Office of Management and  
 43 Budget  
 44 Concur: Alexander Slivka, CFO  
 45 Concur: Rebecca A. Windt Pearson, Municipal Attorney  
 46 Concur: William D. Falsey, Municipal Manager  
 47 Respectfully submitted: Ethan Berkowitz, Mayor  
 48 Dick Traini, Assembly Member, District 4 - Midtown  
 49 Eric Croft, Assembly Member, District 3 - West  
 50 Anchorage  
 51 Felix Rivera, Assembly Member, District 4 - Midtown

**MUNICIPALITY OF ANCHORAGE**  
**Summary of Economic Effects -- General Government**

AO Number: 2018-104

Title: **AN ORDINANCE OF THE ANCHORAGE ASSEMBLY SUBMITTING TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION AMENDING THE ANCHORAGE MUNICIPAL CHARTER TO AUTHORIZE A RETAIL SALES TAX ON ALCOHOLIC BEVERAGES AND DEDICATING THE NET RECEIPTS REVENUE TO HEALTH AND PUBLIC SAFETY PURPOSES, INCLUDING FINANCING SUPPORT FOR SUCH PURPOSES; AUTHORIZING THE ASSEMBLY TO IMPLEMENT AND LEVY THE TAX BY ORDINANCE; AND RELATED MATTERS.**

Sponsor: **Mayor, Vice Chair Croft, Assembly Members Traini and Rivera**  
 Preparing Agency: Finance Department  
 Others Impacted: DHHS, AFD, APD

<b>CHANGES IN EXPENDITURES AND REVENUES:</b>		(In Thousands of Dollars)				
	FY19	FY20	FY21	FY22	FY23	
<b>Operating Expenditures</b>						
1000 Personal Services	\$ -	\$ 164	\$ 166	\$ 168	\$ 171	
2000 Non-Labor	170	4	4	7	4	
3900 Contributions	-					
4000 Debt Service	-					
<b>TOTAL DIRECT COSTS:</b>	<b>\$ 170</b>	<b>\$ 168</b>	<b>\$ 170</b>	<b>\$ 175</b>	<b>\$ 175</b>	
Add: 6000 Charges from Others	\$ -	\$ -	\$ -	\$ -	\$ -	
Less: 7000 Charges to Others	-	-	-	-	-	
<b>FUNCTION COST:</b>	<b>\$ 170</b>	<b>\$ 168</b>	<b>\$ 170</b>	<b>\$ 175</b>	<b>\$ 175</b>	
<b>REVENUES:</b>	<b>\$ -</b>	<b>\$ 13,000</b>	<b>\$ 13,000</b>	<b>\$ 13,000</b>	<b>\$ 13,000</b>	
<b>CAPITAL:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>POSITIONS: FT/PT and Temp</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	

**PUBLIC SECTOR ECONOMIC EFFECTS:**

The proposed tax would take effect on January 1, 2020. During the first full year of implementation in FY 2020 total annual revenues at a 5% tax rate, based on comparison of alcohol retail sales tax in Juneau and Fairbanks, would be about \$13 million. This estimate assumes the same exemptions as Juneau and Fairbanks on the retail sales of alcoholic beverages, and may be reduced if the Assembly, by ordinance, enacts different exemptions for certain licensees or types of alcoholic beverages. FY 2019 anticipated costs are primarily associated with setup of a database module to support the new tax. The full cost of administering and enforcing this new tax is to be paid with revenue collected from the tax.

**PRIVATE SECTOR ECONOMIC EFFECTS:**

The tax would be collected by retail liquor licensees located in the Municipality Anchorage from consumers when they sell alcoholic beverages at bars, restaurants, and package stores. The sources may change before the tax is effective if the Assembly by ordinance exempts certain licensees or types of alcoholic beverages. If voters approve this proposed ballot measure, the result would be \$0.40 on an \$8 six-pack of beer, \$0.50 on a \$10 mixed drink, \$1.75 on a \$35 bottle of wine, and \$2.50 on a \$50 bottle of liquor.

Prepared by: *Daniel Moore, Municipal Treasurer*

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