

**ANCHORAGE, ALASKA
AO No. 2015-10(S)**

1 AN ORDINANCE SUBMITTING TO THE QUALIFIED VOTERS OF THE
2 MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION AMENDING THE
3 ANCHORAGE MUNICIPAL CHARTER TO ADOPT AN ALCOHOLIC BEVERAGE
4 SALES TAX, TO DEDICATE THE REVENUE TO HEALTH AND PUBLIC SAFETY
5 USES RELATED TO ALCOHOLIC BEVERAGES, TO ALLOW USE OF THE
6 REVENUE TO FINANCE BONDS FOR PROJECTS RELATED TO ALCOHOL
7 TREATMENT, AND TO PROVIDE FOR APPROVAL BY A MAJORITY (FIFTY
8 PERCENT PLUS ONE) OF QUALIFIED VOTERS VOTING ON THE QUESTION.
9

10
11 THE ANCHORAGE ASSEMBLY ORDAINS:
12

13 **Section 1.** Pursuant to state law, a ballot proposition in substantially the following
14 form and substance shall be submitted to the qualified voters of the Municipality at
15 the next regular Municipal election to be held April 7, 2015:
16

17 **PROPOSITION NO. _____**
18

19 Shall the Anchorage Municipal Charter be amended by adding the following
20 new section to Article XIV:
21

22 **Section 14.06 Alcoholic beverage sales tax.**
23

24 (a) There is hereby levied a tax on all retail sales of alcohol in an
25 amount equal to ____ percent (___%) of the sales price paid.
26 Revenues received from this tax are dedicated to financing
27 **alcohol treatment, emergency transportation, and housing**
28 **programs, including housing programs for chronic**
29 **inebriates** [~~health and public safety programs related to~~
30 ~~alcoholic beverages~~].
31

32 (b) If bonds are issued to finance the acquisition or construction of
33 alcohol treatment **or housing** facilities, the revenue derived
34 from this tax shall first be used to pay annual principal, interest
35 and other carrying costs of said bonds, until such bonds are
36 paid in full.
37

38 (c) The Assembly shall enact such additional provisions, not
39 inconsistent with this section, as necessary or desirable to
40 implement this section.
41

42 And amending Anchorage Municipal Charter, Article II (4), and Charter
43 §14.01(b) as follows:
44

.....

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 tax imposed by Charter§ 14.05 and Charter§ 14.06 shall be effective if approved by a majority (50%+ one) of the qualified voters voting on the question.

Section 14.01 **Taxing Authority**

*** *** ***

(b) 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 tax imposed by Charter § 14.05 and Charter§ 14.06 shall be effective if approved by a majority (50%+ one) of the qualified voters voting on the question.

If approved by the voters at the April 7, 2015 Regular Election, this proposition shall be effective for the April 7, 2015 Regular Election, and may affect the results of that election.

YES NO

Section 2. The proposition contained in Section 1 of this ordinance, and the amendments to the Anchorage Municipal Charter, shall become effective if, and only if, approved by a majority of the voters voting on the question.

Section 3. The amendments to the Charter shall be effective immediately, subject to approval of the proposition contained in Section 1 of this ordinance.

PASSED AND APPROVED by the Anchorage Assembly this _____ day of _____, 2015.

Chair of the Assembly

ATTEST:

Municipal Clerk

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**MUNICIPALITY OF ANCHORAGE
ASSEMBLY MEMORANDUM
NO. AM 74 - 2015**

Meeting Date: February 3, 2015

1 **From:** ASSEMBLY MEMBER ERNIE HALL
 2 **Subject:** **AO No. 2015-10(S) AN ORDINANCE SUBMITTING TO THE**
 3 **QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE A**
 4 **BALLOT PROPOSITION AMENDING THE ANCHORAGE MUNICIPAL**
 5 **CHARTER TO ADOPT AN ALCOHOLIC BEVERAGE SALES TAX, TO**
 6 **DEDICATE THE REVENUE TO HEALTH AND PUBLIC SAFETY USES**
 7 **RELATED TO ALCOHOLIC BEVERAGES, TO ALLOW USE OF THE**
 8 **REVENUE TO FINANCE BONDS FOR PROJECTS RELATED TO**
 9 **ALCOHOL TREATMENT, AND TO PROVIDE FOR APPROVAL BY A**
 10 **MAJORITY (FIFTY PERCENT PLUS ONE) OF QUALIFIED VOTERS**
 11 **VOTING ON THE QUESTION.**
 12

13 Anchorage will not be America’s #1 community in which to Live Work and Play until it
14 solves its chronic alcohol inebriate problem.

15
16 Anchorage has tried to solve this problem for many years. The problem is well
17 understood. Study after study, report after report, offer the same remedies: housing
18 facilities, services and treatment. The plan put forth in this ordinance comes from these
19 many studies – particularly from the recommendations of Mayor Sullivan’s Homeless
20 Leadership Team, an effort facilitated by Darrel Hess, then the MOA’s Homeless
21 Coordinator.
22

23 Anchorage has about 200 chronic alcohol inebriates, often described as “frequent
24 flyers,” who are a severe drain on the city’s public safety and health services. A recent
25 “before/after” study show a two-thirds reduction in service calls per inebriate housed at
26 Karluk Manor (Housing First model). There are additional savings where inebriates have
27 reclaimed their lives and become productive members of the community (Detox and
28 Sober Housing/Clitheroe models). With this plan, Anchorage taxpayers would regain the
29 services of APD, AFD/EMT, Health Department and other city departments that are now
30 devoting an inordinate amount of staff time and valuable taxpayer funded resources to
31 dealing with inebriates.
32

33 The difference between prior efforts and this ordinance’s plan is that this ordinance
34 supplies the single critical ingredient missing until now: a continuous funding source.
35

36 This plan is targeted and restricted in its use of funds. The cost of the program
37 described below would be \$5.3 to \$7.3 million per year. Covering this cost will require
38 either a 3% sales tax on all retail alcohol sales or a 5.5% sales tax on retail alcohol
39 sales at just package stores.

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Funds from a sales tax on alcohol would be used only for the following:

Housing: Funds would finance, via revenue bonds, the building or repurposing of new or existing facilities. Specifically this plan calls for:

- 1) 80 Housing First units whose purpose, like that of Karluk Manor and Safe Harbor, is to provide a safe place to house inebriates, thereby getting them off the streets. (Est. \$10,100,000 new construction cost.)
- 2) The addition of 12 short-stay Detox beds to the 14 Anchorage currently has. Fairbanks, by comparison, has 24 such beds serving a much smaller population. (Est. \$4,400,000 new construction cost.)
- 3) 96 units of extended-stay Sober Housing (replacing 42 bed Clitheroe) to which detoxed clients can be sent. (Est. \$48,100,000 new construction cost.)

Housing facility operation, housing services and treatment: Funds would be used to augment existing and anticipated State, Federal and contributed dollars to provide staff to operate the facilities and provide qualified treatment. Depending upon the type of facility, the type of staffing ranges from facility managers (Housing First) to shifts of Registered Nurses (Detox) to a non-resident supervising doctor (Detox) to case workers (Detox and Sober Housing). (Est. \$800,000 to \$2,800,000; the lower amount dependant upon an expansion of Medicaid coverage.)

Regarding Funds from the State’s Alcohol Tax: The State of Alaska is not remitting to Anchorage alcohol tax revenues that many believe it owes or promised. Given the State’s fiscal situation and given the State Constitution’s prohibition of dedicated funds, it is unlikely that State alcohol tax revenues will come to Anchorage dedicated to solving the city’s chronic alcohol inebriate problem. That said, by committing to this plan, Anchorage will communicate to the Legislature the seriousness of this issue, an issue whose roots are statewide.

This plan has been developed in consultation with:

- Mayor’s Homeless Leadership Team (report)
- Alaska Mental Health Trust
- Salvation Army/Clitheroe Center
- RurAL CAP (Operator of Karluk Manor)
- Anchorage Coalition to End Homelessness
- Anchorage Police Department
- Many impacted businesses

Respectfully submitted:

Ernie Hall
Assembly Member, Assembly District 3

**Preliminary Estimates of Potential Revenues from a Retail Sales Tax on Alcoholic Beverages Sold
within the Municipality of Anchorage
in Millions of Dollars**

Tax Rate	Revenues from Tax on all Retail Sales of Alcoholic Beverages		Revenues from Tax on only Retail Sales at Package Stores (= 53% of Tax on All Retail Sales)		Revenues from Tax on only Retail Sales at Beverage Dispensaries (Bars) and Restaurants / Eating Places (= 47% of Tax on All Retail Sales)	
	Low Estimate (\$millions)	High Estimate (\$millions)	Low Estimate (\$millions)	High Estimate (\$millions)	Low Estimate (\$millions)	High Estimate (\$millions)
1%	\$1.8	\$2.6	\$1.0	\$1.4	\$0.9	\$1.2
2%	\$3.7	\$5.2	\$1.9	\$2.8	\$1.7	\$2.4
3%	\$5.5	\$7.8	\$2.9	\$4.1	\$2.6	\$3.7
4%	\$7.3	\$10.4	\$3.9	\$5.5	\$3.4	\$4.9
5%	\$9.2	\$13.0	\$4.9	\$6.9	\$4.3	\$6.1
6%	\$11.0	\$15.6	\$5.8	\$8.3	\$5.2	\$7.3
7%	\$12.8	\$18.2	\$6.8	\$9.6	\$6.0	\$8.5
8%	\$14.6	\$20.8	\$7.8	\$11.0	\$6.9	\$9.8
9%	\$16.5	\$23.4	\$8.7	\$12.4	\$7.7	\$11.0
10%	\$18.3	\$26.0	\$9.7	\$13.8	\$8.6	\$12.2
11%	\$20.1	\$28.6	\$10.7	\$15.2	\$9.5	\$13.4
12%	\$22.0	\$31.2	\$11.6	\$16.5	\$10.3	\$14.7

Total revenues from all retail sales are Treasury Division estimates as of Feb 2, 2015.

On-premise and off-premise shares are based on US averages as reported by Beverage Information Group Handbook in 2012.