

Municipality of Anchorage
Dan Sullivan, Mayor

Mayor's Community Dialogue on City Revenues and Property Tax Relief

Report on Community Conversations



Report prepared by HG Consulting
2014

Mayor's Community Dialogue on City Revenues and Property Tax Relief

REPORT ON COMMUNITY CONVERSATIONS

ANCHORAGE HAS DONE A GREAT DEAL to get its fiscal house in order over the last few years, bringing spending increases under control, reasserting the tax cap and achieving a "AAA" credit rating from Standard & Poor's. The resulting financial stability offers the municipality a unique opportunity to consider how best to preserve that stability in the future—and to do so *before* a crisis constrains its options.

Currently Anchorage gets its revenue primarily from property taxes on homes and businesses. This has some advantages: it is a predictable revenue source, with an established collection mechanism, and it ensures that people with more financial resources (property owners) pay more than people with less.

It also has some disadvantages: it places most of the burden of paying for municipal services on homeowners and businesses, while other people who use those services pay indirectly (like renters and tourists) or do not pay at all (like commuters). High property taxes make it more difficult for first time buyers to afford a home, and they burden low-income seniors, people on a fixed income and people who have owned their homes for a long time. In addition, as the population ages and more people become eligible for the senior property tax exemption, other property owners have to pay more to make up for the lost revenue.¹

On four evenings in October and November 2013, more than 250 Anchorage residents came together to discuss these issues and the city's future.

- *How to create a revenue mix that is sustainable and fair?*
- *Should we stick with the current system? Or should we change who pays and how?*
- *If we do change the revenue mix, how should we do so and what are our key conditions?*

Process and Materials

These "Community Conversations" were convened by Mayor Dan Sullivan. Each was a structured and professionally facilitated three-hour conversation.

The choices participants used as the starting point for their discussion arose from a series of small group discussions that took place in summer and early fall with a wide range of stakeholders—including business leaders, elected officials and staffers, community leaders, union representatives, non-profit organization leaders, faith leaders, realtors and many others. Information and economic modeling for the materials was provided by the Municipal Treasury Division.



Mayor Dan Sullivan

1. Under Alaska State law, homeowners over 65 and disabled veterans do not pay property taxes on the first \$150,000 of their assessed home value. In 2013 the senior exemption amounted to about \$30 million in tax dollars that were shifted onto other property owners.

Each Community Conversation involved the following steps:

- *A brief background presentation* outlining MOA's current revenue mix and some of the challenges that it faces in the future.
- *Discussion #1: Should we change the current revenue mix?* Participants worked together in small groups (about 6-8 people) to consider two different approaches for the city's future and the pros/cons of each. This was followed by a brief plenary in which the small groups reported back their conclusions and identified common ground across the groups.
- *Discussion #2: If we change the mix, how should we do so?* Participants returned to their small groups to discuss potential service cuts and potential new revenues, followed by a second brief plenary in which the small groups again reported back and looked for common ground.
- *At the end of the session, participants were asked to complete a questionnaire*, including both multiple-choice and open-ended questions.

The background and discussion materials, the dialogue design and the questionnaire were created by HG Consulting Group in consultation with the Mayor's office and stakeholders.

Who Attended

These sessions were open to any member of the public who wished to participate. More than 250 people attended the dialogue sessions, and 191 filled out the final questionnaire. Participants came from every zip code in the municipality, with broad representation across the entire municipal area. As is often the case in public meetings of this kind, participants in all four sessions tended to be older with higher incomes than the general population, and most were property owners; relatively few members of racial and ethnic minorities took part.

A fair number of participants had lived Outside previously and had experience of other systems to contribute to the discussion. Some said they had participated in other Community Conversations in 2010 and 2011 (focused on revenues and spending, and on education respectively).

FINDINGS

Participants were presented with two basic approaches for the future along with the key arguments for and against each approach:

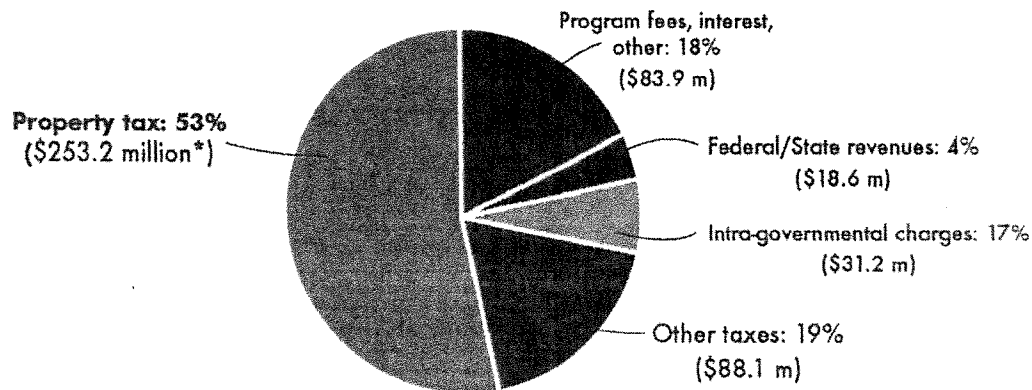
1. *Stick with the current revenue mix*
2. *Change who pays and how*

These choices represented a starting point only; participants were encouraged to change and adapt them as they saw fit and to add in their own ideas for how best to create a system that pays for services fairly and sustainably.

The findings that follow are a mix of quantitative (from questionnaires) and qualitative (from flip charts, plenary discussion, facilitators' notes).

ANCHORAGE REVENUES 2013

Total revenue 2013: \$475.3 million



* Does not include portion of property tax that goes to ASD

Office of Management and Budget 2013

Should we change the current revenue mix?

As they discussed the current revenue mix (see chart above), people in general supported changing the mix over keeping the current system. When asked to make a straight up-or-down choice, 68% of participants said that Anchorage relies too heavily on property taxes and should shift to a broader range of taxes; 29% said that the current system is working well and there is no need to change it.

Participants found a few arguments for making a change especially compelling:

- **We want property tax relief**
 - In each session, participants expressed a range of opinions about property taxes. Some felt that property taxes unfairly put the burden of paying for services on homeowners and businesses; others noted that high taxes make it very difficult for young people and first time buyers to afford a home. A few felt that property taxes meant that no one ever truly owns a home free and clear.
 - Not everyone felt that their property taxes were too high, however: several people noted that their overall tax burden was quite low compared to other states and one or two said that they felt they got good value for the money they paid.
 - In the final questionnaire, 73% of participants agreed that Anchorage property taxes are too high and burden property owners (42% strongly agreed).
- **Commuters should help pay**
 - The idea that commuters in particular should pay more to support services that they use was a very strong theme in all four sessions, and participants came up with several creative ideas about how to capture more revenue from this group (including tolls on commuter routes and a tax on income earned in the city). Making sure that commuters contribute to city services was a basic

"Many folks here are of the same mindset—our property taxes are too high!!"²

2. Representative quotes are taken from participants' flip charts and questionnaire responses.

"We should increase excise or other taxes/user fees targeting visitors ... And 'Visitors' includes commuters who increase [the cost of] city goods and services but escape paying for those goods/services."

fairness point for participants across the board. Many also supported increasing the bed tax so that tourists pay more.³ At the end of the discussion, 74% agreed that Anchorage should introduce taxes that make commuters, tourists, and renters contribute more to the cost of municipal services (45% strongly agreed).

- *It seems prudent to diversify the revenue mix.*
 - Some participants also felt that any single revenue source was potentially unstable; broadening the base would help to ensure steady revenue in the event of economic upheaval: 62% agreed that with a wider range of taxes Anchorage will be less affected by the ups and downs of the real estate market.
- *In spite of the advantages people saw in changing the mix it is important to note that most people's attitudes toward the current system were not intensely negative.* Many people had complaints about the current system, but this did not mean they were especially eager to change it, especially without also considering spending reductions. In every session at least one table said while the current system is far from perfect they did not think it is necessary to make major changes. Many of these participants said that 'tweaks' or minor adjustments were all that is needed.

When asked to rate each choice independently on a scale of 1-10, the mean rating for "stick with the current system" was right in the middle of the scale. This was still notably less than the rating for "change who pays and how," but not overwhelmingly negative:

"It's not broken—leave it alone!!"

Q: Now that you have had a chance to talk and think about the alternatives, what is your view?

Please rate each choice on a scale of 1 to 10.

1 = Lowest (strongly dislike)

10 = Highest (strongly like)

	mean
1. Stick with the current tax mix	4.9
2. Change who pays and how	6.6

³ While most of the "bed tax" paid by tourists goes to finance the Anchorage Convention Centers and promote tourism, about 1/3 goes to MOA's general fund; this amounts to approximately \$7 million of the city's \$475 million budget.

If we do change the system, how should we do so?

- **Property tax exemptions.** Although there was some confusion in the room about exactly how exemptions work—especially those for non-profit organizations—people in general were open to considering how current property tax exemptions might be adjusted so that everyone pays their fair share.
 - People were especially *eager to look at exemptions given to non-profit organizations*: there was a widespread sense among participants that larger nonprofits (especially hospitals and large churches) were gaming the system and shifting their tax burden onto others. In the 3 sessions where the question was asked on the questionnaire, 71% supported reducing the property tax exemption for non-profits (and 46% supported it strongly). 26% opposed it. This would require a change to state law.
 - In contrast, people were *split on the question of the property tax exemption for seniors*: 49% supported reducing the exemption for wealthier seniors; 48% opposed it.
 - » The background materials noted that as the population ages and more people qualify for the senior exemption property taxes will increasingly fall on a smaller share of property owners. For most people this was not a major concern: When asked whether they were concerned about the senior exemption placing a growing burden on younger property owners as the population ages, 42% said they were concerned; 53% were not. While this argument had been central in the discussions with stakeholders that informed the materials, it did not get picked up in any of our discussions with the public.

This did not appear to be strictly a matter of the dollars at stake. Participants were informed that the amount of unrealized property tax revenue due to the non-profit exemption is only about half the size of the senior exemption—if the only goal were to make a significant dent in property taxes, reconsidering the senior exemption would be a logical place to start. However in the discussion people were much more concerned about non-profits—especially large organizations like major hospitals and churches with large real estate holdings—gaming the system. Most spoke in terms of the moral importance of helping senior citizens stay in their homes.
 - **Mistrust of assessment system:** several people felt that the problem is not property tax exemptions so much as an assessment system that is unfair or easily manipulated.



“This is an attractive place to live – we want to keep seniors living here.”

"[The most surprising thing is that an] Alcohol tax has strong support—but alcohol issues cause a lot of cost, so I think that it is a justified tax."

"I do not support looking for ways to find more revenue. I want meetings like this one to discuss school taxes, unions and their unfunded liabilities and their unaccountable contracts!!"

- "Sin" taxes: alcohol and tobacco

- When the discussion turned to new sources of revenue, *taxes on alcohol and tobacco were by far the most popular option*. More broadly, participants in general shared the sense that ideally people should be taxed based on what they DO (though taxes on consumption), rather than for what they HAVE (through taxes on income or property).
 - » Adding a local tax on alcohol was the top response at every session both in the discussion and on the questionnaire;
 - » Many also supported increasing the local tobacco tax.

A recurring theme in the discussions was that the "cost causer" should be the "cost payer." In most sessions this argument centered specifically around alcohol: since drinking to excess results in increased need for police and emergency services, participants said, those who choose to drink should bear the brunt of paying those costs.

- Wholesale business tax

- The concept of a wholesale or business activity tax was largely unfamiliar to participants. While this kind of tax—a very low rate on all business transactions—would raise enough revenue to significantly offset property taxes, participants rejected it as too extensive, too intrusive, and essentially invisible to consumers. On the final questionnaire, a wholesale tax was deemed the LEAST acceptable way of diversifying the tax mix, and participants strongly agreed that a wholesale tax makes goods more expensive and will be hardest on low-income people (73% agree; 22% disagree).

- Reduce spending

- In each session, several participants argued that the best way to provide property tax relief is to reduce spending. In particular, many participants wanted to consider the Anchorage School District and how its spending impacts municipal taxes. Most did not distinguish the property tax dollars that go to ASD from those that go to municipal services.

The fact that detailed discussion of spending was not included in the discussion made some people mistrust the proceedings. If we talk about taxes and not spending, they said, then the community conversations are not an above-board exercise in public engagement, it is just about extracting more revenue from taxpayers.



• Sales tax

- In all the groups the discussion of sales tax was lively and complex. Across the board people expressed openness to discussing a sales tax, and some support for the idea. However, this should not be taken to mean public support for a sales tax would easily gain the 60% voter approval required by Anchorage's Charter.
- Those who supported sales tax and those in opposition were evenly balanced. On their final questionnaires, about 25% picked a sales tax as one of the MOST acceptable revenues, while a similar number (23%) picked it as one of the LEAST acceptable revenues.
- *People offered several reasons for supporting a sales tax:*
 - » It will raise enough money to make a real dent in property taxes.
 - » It captures money from tourists and commuters, which participants agreed was a high priority.
 - » It makes sure everyone has some "skin in the game"; a few participants noted that renters have little incentive to pay attention to municipal spending.
 - » Several people suggested that consumption taxes give individuals greater control over how much tax they pay.
- *Some of the more common arguments against a sales tax did not strike participants as major concerns:*
 - » People were not concerned that a sales tax would hurt tourism or discourage people from spending in Anchorage (24% agreed it will hurt tourism/discourage spending; 73% disagreed). They felt Anchorage is a major tourist destination and commercial center, and that would not change.
 - » They did not believe that a sales tax would put too great a burden on business (30% agreed; 64% disagreed).
 - » A few individuals were concerned that a sales tax is regressive and would burden low-income families, but this was not a major theme in discussions. In general participants rejected the argument that the current mix is good because it protects low-income people ("Property taxes are fair because they protect low-income families and renters from too heavy a tax burden": 30% agree; 64% disagree). A few individuals pointed out that non-property owners DO pay the cost of property tax in the form of higher rents and other costs. But far more people expressed the belief that everyone in the community should pay his or her fair share directly.
 - » People were more split on the question of whether setting up a new tax bureaucracy would cause problems. A large minority (41%) was at least somewhat concerned about setting up a new bureaucracy and agreed with

Q5: If we diversify the tax mix, which two taxes would be **MOST** acceptable? (Pick two) %

Add local alcohol tax	35
Add sales tax	25
Increase local cigarette tax	17

Q6: If we diversify the tax mix, which two taxes would be **LEAST** acceptable? (Pick two) %

Add wholesale tax	45
Add sales tax	23
Increase car rental tax	18

"Renters and other non-property owners should have more 'skin in the game' to appreciate the taxes being paid."

"A property tax is forced by government; A sales/consumption tax is your choice."

"I like the sales tax idea; however, I would not vote for it if it didn't [explicitly] offset property taxes."

"[Changing the mix] opens the door to more taxes. We need dollar-for-dollar relief."

"Tax cap and spending restrictions need to be implemented that survive the current administration. [This mayor has] done a lot of good. I'm worried that the next liberal will undo it."



the statement that "The property assessment system is well established; we don't want to set up a whole new bureaucracy to collect a new tax." But the majority (55%) disagreed.

○ *Some objections to sales tax arose more frequently:*

- » *Sales tax is "invisible."* In some of the sessions participants pointed out that sales tax is largely invisible to the public: since it is assessed and paid out in small increments most people don't budget for it and are unlikely to see how much they are paying over time. They felt that receiving a property tax bill every year makes people more aware of their tax burden and more motivated to hold government accountable.
- » *A new tax will subvert the tax cap.* In all four sessions, the strongest and most frequently voiced objection to a sales tax was the concern that leaders would circumvent Anchorage's tax cap and there would be no dollar for dollar reduction in property taxes.

On the final questionnaire, most participants agreed with the statement: "Even though there is a tax cap I am not confident that property taxes will be lowered if new taxes are substituted": 69% agreed (45% strongly); 18% disagreed. This mistrust surfaced in every session to some degree; participants often described accepting a sales tax as the thin end of the wedge that would open the door for further tax hikes down the road. At one session we asked for a show of hands: would participants support a sales tax if there were a guaranteed dollar for dollar reduction in property tax? At least $\frac{3}{4}$ of the people in the room raised their hands. How many thought that would actually happen? Almost every hand went down.

This mistrust extended to some people's view of the dialogues themselves: a number of participants objected that they felt they were being "herded" to support a sales tax.

- *Some people were surprised at the level of support for a sales tax they saw in the room:* on the questionnaire when people were asked to indicate the "most surprising thing you heard tonight," the top response was that there was so

much openness to the idea.⁴ As one participant wrote, "The most surprising fact is that you don't hear us say *NO* sales tax!"

○ **Key conditions.** While many participants supported a sales tax or were at least open to discussing the possibility, all had strict conditions for any potential sales tax:

- » **Data and modeling.** Participants were reluctant to approve any sales tax without much more information about how that change would affect individuals, families and the community. In particular they wanted more accurate and up-to-date modeling of what kind of tax rate would be required to significantly offset property taxes.
- » **Guarantee the tax cap.** Participants also called for iron-clad guarantees that the tax cap would be respected and that any new tax would lead to a dollar-for-dollar reduction in property taxes. Several participants noted that past leaders had found ways to circumvent the tax cap and they were skeptical that without stronger protections leaders would be tempted to do so again.
- » **No spending increases.** Along similar lines, some participants were concerned that a highly lucrative revenue source like a sales tax would prove an irresistible temptation for leaders to increase spending. They wanted strong measures put in place to enforce limits on spending.
- » **Better engagement.** A few people said they felt previous efforts at a sales tax had failed because leaders had not made a good case to the public. The case was there to be made, they said, but without better and more consistent public engagement it was not likely to be heard.
- » **Public vote.** Participants also reiterated that any new sales tax, as well as any changes in the scope or rate, must be approved by voters. This is already required under the city charter, but people wanted to make sure.

"We need more detailed and better data about who pays and who doesn't and how changing the tax structure will shift the who and how taxes are paid. We should have statistics that validate the statements made in these documents."

"Need to know what percentage [tax on] goods and services it would take to lower the property taxes by 30% (or another number)."

"The mix of taxes **MUST** stay under the cap - Don't pull a Begich!"



4. The second most common response had to do with mistrust of government and/or the dialogue process.

○ *IF there is a sales tax how should it work?*

Since a sales tax is the only measure commonly discussed that is likely to bring in enough revenue to significantly offset property taxes, it made sense to examine people's attitudes toward it in more detail.

This led to some frustration on the part of those participants who strongly opposed a sales tax. Some declined to answer questions about implementing a sales tax on the final questionnaire; others did weigh in but wanted to register their objections.

In general participants agreed on the following points:

- » *It should be year round, not seasonal.* (67% said a sales tax should be year round; 24% said it should be seasonal; 9% did not answer.)
- » *In general people preferred a lower tax rate with fewer exemptions* (54% supported a lower rate with fewer exemptions; 26% preferred a higher rate with more exemptions; 19% did not answer). At the same time, participants strongly agreed that that necessities should be exempt. In their table presentations, several participants pointed out that they were aware of the contradiction. But the intensity of diverging views and the limited time available made it difficult to resolve the question and participants agreed that they would leave it to others to square that particular circle.

What are "necessities"?

- » *Prescription drugs* (81% said should be exempt; 8% said should be taxed; 10% did not answer);
- » *Utilities* (76% said should be exempt; 10% said should be taxed; 13% did not answer);
- » *Groceries* (65% said should be exempt; 21% said should be taxed; 14% did not answer). In course of discussion, people pretty consistently noted that restaurant meals should be taxed;
- » *Rent* (57% said should be exempt; 22% said should be taxed; 21% did not answer).
- » *People were split on the question of whether a sales tax should apply to services as well as goods* (29% said services should be exempt; 40% said services should be taxed; 30% did not answer). Lively discussion on this point revolved around what services should be deemed essential (car repair) and what were better described as luxuries (hair salons).
- » *Participants supported a placing a \$500 cap on taxable value per item to moderate the tax hit on big-ticket items* (64% supported a cap; 24% said people should pay tax on the full value of every purchase; 12% did not answer).
- » *In general, participants did not support a sales tax exemption for seniors:* (32% supported a sales tax exemption for seniors; 59% said seniors should pay the same sales tax as everyone else; 9% did not answer).

"Sales taxes can end up being spendy for purchases like cars, trucks, etc."



Response to the dialogues

- People's response to the dialogues was very positive. On the questionnaire the majority (74%) said they found the materials very or somewhat helpful.
- Even more (91%) said the discussion itself—having the opportunity to discuss the issue with other Anchorage residents—was very or somewhat helpful in helping them think about the issue.
- Many participants expressed surprise at the diversity of opinions and perspectives they heard in the room.

This was an issue where people have strong emotions and widely different perspectives, and they appreciated that every point of view was heard with respect.

- Many also said they were surprised at the level of consensus in favor of a sales tax (whether or not they themselves supported it).
- Some participants felt certain aspects of the dialogue fell short.
 - In particular, several people said they wanted more detailed information and modeling about what different tax options might look like, who they would affect and how much money they would raise. The background materials provided gave very rough estimates, but for some people this information raised more questions than it answered. People wanted to know more specifically about the assumptions being made and how different approaches would affect them, their families and their communities.
 - Several participants expressed frustration that spending—and ASD spending in particular—was not included as part of the discussion. This led some to feel the sessions were designed to “herd” people into supporting a sales tax.
Addressing these concerns will be important if the conversation about new revenues is to proceed.
- In their closing remarks, many said they appreciated the opportunity to be heard, and they thanked the Mayor and his staff for making it possible.





IMPLICATIONS

The dialogues raise some important implications for leaders hoping to initiate a broader discussion around changing the revenue mix and property tax relief.

- *Make the case for change.* Many participants' dissatisfaction with the current system was not especially intense, nor did it have a consistent basis. Some people objected to the size of their tax bill, others to a sense that commuters and tourists are not paying their fair share, still others to a lack of accountability for how the money is spent. Without a clear mandate for change, many may prefer to stick with the devil they know.
- *Alcohol tax is the most promising first step.* In these dialogues, as in 2010, we heard strong support for an alcohol tax and little opposition. The strength and consistency of this finding suggests that attempting to broaden the revenue mix by passing a sales tax may not be the best place to start (and might even be counterproductive). A better first step would be to explore the legality and potential revenues that could be brought in with a local tax on alcohol, as well as doing some modeling of the impact of such a tax on individuals and the community.
- *A sales tax could face significant challenges.* In the discussions, people were open to discussing a sales tax in general, but they expressed concern about the details of rate, scope and impact on individual families. In addition, their responses on the questionnaire showed several additional points of concern about new taxes:
 - Widespread skepticism that a dollar-for-dollar reduction in property tax will happen;
 - The cost of implementation;
 - The need to create a new bureaucracy.

These concerns suggest that getting to the 60% voter approval needed to put a sales tax in place may be a big lift, since nearly one-quarter are already opposed to sales tax and are unlikely to change their minds. At the same time in the room there was more openness to the discussion than might have been expected: we heard relatively few people saying that

the question had been asked and answered and that there was no point in bringing up the issue.

- **Tension between philosophy and scale.** Many people have clear ideas about what kind of tax philosophy is the most just: many participants, for example, supported “sin taxes” that discourage undesirable behaviors and that people can avoid if they choose. At the same time, some were frustrated that these philosophically appealing taxes did not actually bring in enough money to make a dent in property taxes. There is powerful wishful thinking around the idea that doing something philosophically appealing will make a big difference of the financial level.
- **Build trust.** The public is open to talking about the possibility of a sales tax but this can't be rushed. Mistrust of the process and the motives behind it was a recurring theme in these discussions. In every session there were people who objected that they were being railroaded into accepting a sales tax or suggested that leaders have decided already what they want to do and are looking for ways to foist it on an unwilling public. A few things that may help defuse mistrust:
 - **More and better information.** Most people said they want specific details, including credible modeling of proposed taxes and their impacts, and further discussion of the pros and cons. For many, having transparent and credible information was a precondition for even considering the conversation.
 - **Safeguards against spending increases.** Participants were worried that creating a lucrative revenue source would encourage accelerated spending: if money is available, they reasoned, leaders will want to find ways to spend it. They were very clear that any tax proposal must include strong legal safeguards to ensure a dollar-for-dollar offset of property taxes and to prevent spending increases. Some suggested amending the city charter to explicitly include a spending cap as well as a revenue cap.
 - **Public oversight and accountability.** Participants emphasized the need for strong public oversight of the tax system. This included putting any new tax (or a change in an existing tax) to a public vote as required by law, but it did not end there. Some suggested strengthening public oversight of the property assessment system and non-profit exemptions, as well as other roles for citizen watchdog organizations. No matter what, people wanted assurance that their tax dollars are being fairly collected and effectively spent.
 - **Engagement.** In the sessions participants were clear that a traditional top-down information campaign was not going to be enough to shift public thinking and overcome mistrust. Information is an essential component—people wanted to understand the rationale for making a change, its potential impact and the safeguards being put in place. But information alone is not enough. Participants were also clear that they want to be sure that their concerns and priorities



shape whatever proposals are put forward. A few participants argued that the reason past efforts to pass a sales tax had failed was that leaders did not engage the public; they called on current leaders to make their case more effectively and to do more to bring the public into the discussion *before* specific proposals are drafted.

These sessions were extremely lively, and they showed an Anchorage public that is more than willing to engage around the question of tax relief and changes in the revenue mix. Even the more skeptical citizens agreed that this is a discussion worth having, but it was also clear that support for major change will not spring up overnight. It will require a serious, sustained effort on the part of leaders to engage the public, build trust, and increase accountability. Anchorage faces difficult questions about how best to secure its financial future. The public is willing to work with leaders to answer those questions and bring about a future that is both sustainable and fair.



APPENDIX

QUANTITATIVE FINDINGS - ANCHORAGE COMMUNITY CONVERSATIONS

SESSION DATES/LOCATIONS

October 29, 2013 Spinard Senior Center 51 participants completed surveys
October 30, 2013 Eagle River Lions Club 57 participants completed surveys
November 13, 2013 Bayshore Clubhouse 29 participants completed surveys
November 14, 2013 Embassy Suites Hotel 54 participants completed surveys

RATING THE CHOICES

NOW THAT YOU HAVE HAD A CHANCE TO TALK AND THINK ABOUT THE ALTERNATIVES, WHAT IS YOUR VIEW? RATE EACH CHOICE ON A SCALE OF 1 TO 10.
1 = Lowest (strongly dislike)
10 = Highest (strongly like)

	mean
1. Stick with the current tax mix	4.9
2. Change who pays and how	6.6
3. Which comes <u>closer</u> to your point of view?	%
Anchorage's current tax structure is working well and there is no need to change it.	29
Anchorage relies too much on property taxes for revenue - we should shift to a wider range of taxes	68
No answer	4
4. TO WHAT EXTENT DO YOU AGREE OR DISAGREE WITH EACH OF THE FOLLOWING STATEMENTS?	
4a. Anchorage property taxes are too high and put the burden on property owners - we should use a wider range of taxes to pay for municipal services.	%
Strongly agree	42
Somewhat agree	31
Somewhat disagree	10
Strongly disagree	14
No answer	3

4b. The property assessment system is well-established; we don't want to set up a whole new bureaucracy to collect a new tax.	%
Strongly agree	24
Somewhat agree	17
Somewhat disagree	31
Strongly disagree	24
No answer	4

4c. We should introduce new taxes that make renters, tourists and commuters—not just property owners and businesses—contribute more to the cost of municipal services.	%
Strongly agree	45
Somewhat agree	29
Somewhat disagree	9
Strongly disagree	12
No answer	5

4d. I am concerned that as the population ages, younger people will pay more property taxes because there will be more people using the senior exemption.	%
Strongly agree	14
Somewhat agree	28
Somewhat disagree	28
Strongly disagree	25
No answer	4

4e. With a wider range of taxes Anchorage will be less affected by the ups and downs of the real estate market.	%
Strongly agree	24
Somewhat agree	38
Somewhat disagree	19
Strongly disagree	12
No answer	7

4f. Sales taxes may hurt tourism or discourage commuters from spending in the municipality.	%
Strongly agree	8
Somewhat agree	16
Somewhat disagree	30
Strongly disagree	43
No answer	3

4g. Property taxes are fair because they protect low-income families and renters from too heavy a tax burden.	%
Strongly agree	12
Somewhat agree	18
Somewhat disagree	30
Strongly disagree	34
No answer	6

4h. Even though there is a tax cap I am not confident that property taxes will be lowered if new taxes are substituted.	%
Strongly agree	45
Somewhat agree	24
Somewhat disagree	18
Strongly disagree	9
No answer	4

4i. A wholesale tax will make the price of goods more expensive for everybody and will be hardest on low-income people.	%
Strongly agree	38
Somewhat agree	35
Somewhat disagree	18
Strongly disagree	4
No answer	5

<p>4j. Collecting any kind of sales tax, direct or indirect, will put too much of a burden on business.</p>		<p>10. In general, which do you prefer?</p>
	%	
Strongly agree	12	A higher sales tax rate with more exemptions.
Somewhat agree	18	A lower sales tax rate with fewer exemptions.
Somewhat disagree	34	No answer
Strongly disagree	30	
No answer	6	
<p>5. If we diversify the tax mix, which TWO taxes would you find MOST acceptable?</p>		<p>11. If Anchorage implements a sales tax, should there be an exemption for senior citizens?</p>
	%	
Add local alcohol tax	35	YES: senior citizens should not have to pay sales tax
Increase local cigarette tax	17	NO: senior citizens should pay the same sales tax as everyone else.
Add sales tax	25	No answer
Add wholesale tax	3	
Increase car rental tax	8	
Other	13	
<p>6. If we diversify the tax mix, which TWO taxes would you find LEAST acceptable?</p>		<p>12. If Anchorage implements a sales tax, should it be capped so that people pay only on the first \$500 of every item?</p>
	%	
Add local alcohol tax	6	YES: sales tax should be capped.
Increase local cigarette tax	8	NO: people should pay sales tax on the full amount of every purchase.
Add sales tax	23	No answer
Add wholesale tax	45	
Increase car rental tax	18	
<p>7. Right now homeowners over 65 can pay less in property taxes. Some people think the state law should be changed so that wealthier property owners get a lesser exemption or none at all. Do you favor or oppose this idea?</p>		<p>13. How useful were the background materials in helping you think about this issue?</p>
	%	
Strongly favor	22	Very
Somewhat favor	27	Somewhat
Somewhat oppose	16	Not very
Strongly oppose	32	Not at all
No answer	3	No answer
<p>7A.* Right now property used exclusively for nonprofit religious, charitable, hospital, educational or community purposes is not subject to property tax. Some people support reducing this exemption. Do you favor or oppose this idea?</p>		<p>14. How useful was the discussion in helping you think about this issue?</p>
	%	
Strongly favor	46	Very
Somewhat favor	25	Somewhat
Somewhat oppose	8	Not very
Strongly oppose	18	Not at all
No answer	3	No answer
	n = 140	
<p>8. If Anchorage implements a sales tax, should it be:</p>		
	%	
Year-round	67	
Seasonal	24	
No answer	9	
<p>9. IF ANCHORAGE IMPLEMENTS A SALES TAX, WHAT SHOULD BE EXEMPT (NOT TAXED)?</p>		
	%	
<p>9a. Groceries</p>		
	%	
Should be exempt	65	
Should be taxed	21	
No answer	14	
<p>9b. Prescription drugs</p>		
	%	
Should be exempt	81	
Should be taxed	8	
No answer	10	
<p>9c. Rent</p>		
	%	
Should be exempt	57	
Should be taxed	22	
No answer	21	
<p>9d. Services like car repair, hair salons, dry cleaning</p>		
	%	
Should be exempt	29	
Should be taxed	40	
No answer	30	
<p>9e. Utilities</p>		
	%	
Should be exempt	76	
Should be taxed	10	
No answer	13	

* Question not asked in Session #1

15. Overall, how much impact did your participation have on your thinking about the issues facing Anchorage?

	%
<i>A lot</i>	39
<i>Some</i>	40
<i>Not much</i>	12
<i>None</i>	4
<i>No answer</i>	4

16. How did you hear about today's session?

	%
<i>E-mail</i>	42
<i>Newspaper</i>	12
<i>Radio</i>	4
<i>Direct invitation</i>	5
<i>Employer, union or workplace colleague</i>	3
<i>Friend or family member</i>	17
<i>Community organization</i>	2
<i>Other</i>	15

17. What is the most important or surprising thing you heard in today's session? (open-ended)

	# of responses
<i>Surprised at level of support for a sales tax</i>	19
<i>Expressing mistrust of government/process</i>	17
<i>We need more/better data</i>	12
<i>Noting wide variety of opinions expressed in the dialogue</i>	11
<i>Expressing support for "sin tax" (alcohol, tobacco, marijuana)</i>	10
<i>We should talk about ASD</i>	8
<i>We should talk about spending</i>	5
<i>We should look at non-profit exemption</i>	3

18. How long have you lived in Anchorage?

	%
<i>Less than 2 years</i>	1
<i>2 - 5 Years</i>	8
<i>6 - 10 Years</i>	13
<i>11 - 20 Years</i>	15
<i>More than 20 years</i>	62
<i>No answer</i>	2

19. Do you own or rent your home?

	%
<i>Own</i>	86
<i>Rent</i>	8
<i>No answer</i>	6

20. What is your zip code?

(see map on facing page)

21. What is your gender?

	%
<i>Male</i>	57
<i>Female</i>	42
<i>No answer</i>	2

22. What is your age?

	%
<i>Under 18</i>	4
<i>18 - 34</i>	10
<i>35 - 44</i>	9
<i>45 - 54</i>	18
<i>55 - 64</i>	28
<i>Over 65</i>	27
<i>No answer</i>	3

23. What was your total household income in 2012 (before taxes)?

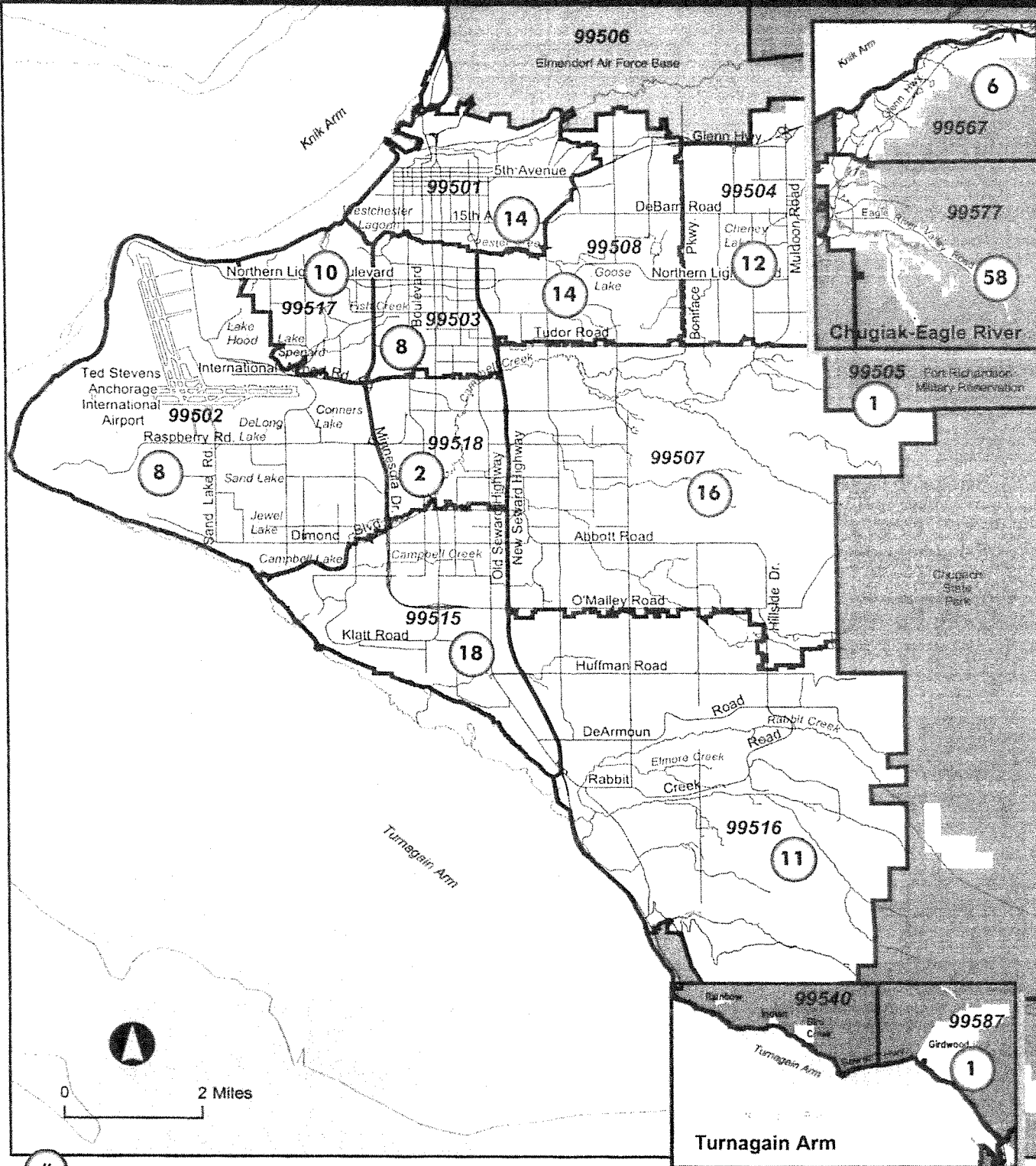
	%
<i>\$20,000 or less</i>	3
<i>\$20,001 - \$40,000</i>	5
<i>\$40,001 - \$60,000</i>	12
<i>\$60,001 - \$80,000</i>	14
<i>\$80,001 - \$100,000</i>	15
<i>More than \$100,000</i>	38
<i>No answer</i>	13

24. What is your ethnicity?

	%
<i>African American</i>	2
<i>Alaska Native</i>	1
<i>Asian</i>	2
<i>Latino</i>	1
<i>White</i>	82
<i>Other</i>	4
<i>No answer</i>	8

Municipality of Anchorage Zip Codes

July 2010



= # of Community Conversation participants listing this as their home zip code

From: Arnold, Lisa L.

Sent: Friday, February 06, 2009 9:51 AM

To: Arnold, Lisa L.

Cc: Weddleton, Sharon B.; Otto, David K.; Abbott, Michael K.; Ford, D. Kenneth; Phillips, Wanda J.

Subject: Additional Information

The following information was requested at the open meeting with the CFO. This information pertains to how the MOA's tax billing schedule as it is (versus quarterly billings or semi-annual billings, e.g.). The bullet points are intended to provide a broad perspective and explanation of why the MOA's tax due date structure works as it does.

- The MOA could not support quarterly, estimated billings. State law requires that tax bills be formally declared (i.e., certified value, final mill rates, and formally set due dates). The amounts billed must be final rather than estimated. In addition, we have very limited labor and non-labor budgeted resources to support any additional level of billing. The tax billing section is comprised of just 3 staff and 1 supervisor and they currently send out 100,000+ tax bills representing 7 distinct tax rolls. This small group handles thousands of taxpayer inquiries each year via phone, e-mail, fax and in-person and they process in excess of 2,500 tax refunds each year.
- Due to Alaska State law requirements and the MOA's budgetary cycle, it is not logistically possible to bill sooner than May 15 of each year. More specifically, property lien dates are Jan. 1, assessment notice / appeal period runs from Jan 15 - Feb 15, property value appeals occur primarily in March and April, State revenue sharing decisions are finalized by the legislature / governor typically in April and MOA mill rates are set in conjunction with the 1st quarter budget revision in late April of each year.
- In addition to real property tax bills, the Municipality generates a variety of other tax bills each year (e.g., business and personal property tax bills, as well as downtown improvement district assessments). There are 7 total tax rolls -- this necessitates spreading out the due dates of the various tax bills so that a single taxpayer isn't simultaneously hit with multiple types of tax bills. We also are careful not to generate original tax bills beyond November 1st of each tax year (i.e., the late, involuntary personal property tax rolls #4-#7), in order to avoid hitting a taxpayer with an original bill in December and to provide adequate time for individuals and businesses to pay their taxes by December 31st in order to claim deduction(s) on their IRS tax returns.
- The MOA's 12/31 fiscal year end is unique compared to the Anchorage School District or most other governments within the State of Alaska. Because of our tightly budgeted interest earnings, which hinge on June 15 and August 15 standard due dates for real property taxes, it is not financially feasible (from either an interest earnings or a 12/31 financial reporting standpoint) for the MOA to spread out the real property tax due dates over a 6-month period, e.g.

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