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 THE TAX BY ORDINANCE; AND RELATED MATTERS.

THE ANCHORAGE ASSEMBLY ORDAINS:

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

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

PROPOSITION NO. ______

CHARTER AMENDMENT
RETAIL SALES TAX ON ALCOHOLIC BEVERAGES
DEDICATING THE REVENUE TO HEALTH AND PUBLIC SAFETY USES

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

Section 14.07 Alcoholic beverages retail sales tax.

(a) The assembly is hereby authorized to levy a five percent (5%) tax on all retail sales of alcoholic beverages. The tax levy shall be effective January 1, 2020.

(b) The net receipts from the retail sales tax on alcoholic beverages, after payment of the costs of administration, collection and audit to the municipality, are dedicated to alcohol and substance misuse prevention and treatment, community behavioral health programs, public safety, and homelessness prevention and response, including abatement of prohibited campsites.
(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 § 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.
If approved by a majority of the voters voting on the question at the April 2, 2019 Regular Election, the amendments to the Charter above shall be effective upon certification of the election.

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

Yes [ ]  No [ ]

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

PASSED AND APPROVED by the Anchorage Assembly this 20th day of December, 2018.

Chair

ATTEST:

Municipal Clerk
From: MAYOR BERKOWITZ, ASSEMBLY MEMBER TRAINI, VICE CHAIR CROFT, AND ASSEMBLY MEMBER RIVERA

Subject: 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 SUCHpurposes; AUTHORIZING THE ASSEMBLY TO IMPLEMENT THE TAX BY ORDINANCE; AND RELATED MATTERS.

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

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

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

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

Other local governments throughout Alaska, from Utqiagvik to Juneau have approved a sales tax on alcohol. Tax rates vary by jurisdiction, from 3% to 12%. The City of Fairbanks and the Fairbanks North Star Borough both assess alcohol with a 5% retail sales tax; the City and Borough of Juneau assesses retail alcohol
sales at an 8% total tax (3% on alcohol in addition to a 5% general sales tax). 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.

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

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

- **Substance misuse treatment and prevention**
  - Alaska Center for Treatment
  - Alcohol and substance misuse prevention programs

- **Homelessness**
  - Additional camp abatement staff and resources
  - Storage for personal property seized camp abatements
  - Housing and support services
  - Cold-weather sheltering or other emergency system needs

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

Prepared by: Mayor’s Office and Assembly Counsel
Approved by: Ona Brause, Chief of Staff
Concur: Lance Wilber, Director, Office of Management and Budget
Concur: Alexander Slivka, CFO
Concur: Rebecca A. Windt Pearson, Municipal Attorney
Concur: William D. Falsey, Municipal Manager
Respectfully submitted: Ethan Berkowitz, Mayor
Dick Traini, Assembly Member, District 4 - Midtown
Eric Croft, Assembly Member, District 3 - West Anchorage
Felix Rivera, Assembly Member, District 4 - Midtown