



Municipality of Anchorage

Assembly Worksession

2026 Revised Budgets

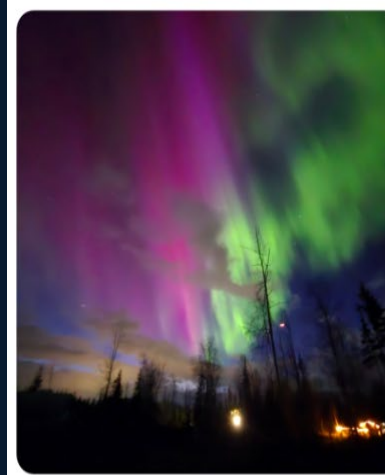
General Government Operating
Utilities / Enterprise Operating & Capital
2026 Established Mill Levies

Presented by:

Mayor Suzanne LaFrance

Ona Brause, Director, Office of Management & Budget

April 17, 2026



Presentation Overview

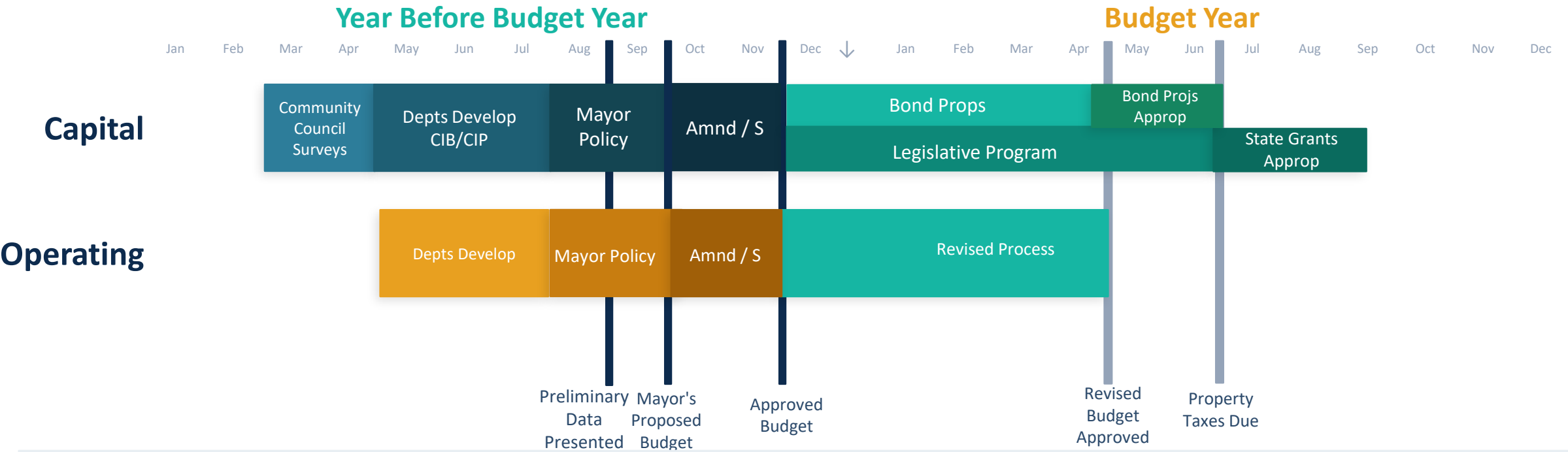
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05 2026 Revised at 1Q

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- Tax Cap
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- Alcoholic Beverages and Marijuana Retail Sales Taxes
- Utilities / Enterprise



Budget Process Annual cycle overview



This chart illustrates the annual municipal budget cycle. The capital process begins in March, and the operating process typically starts in May. Both converge at the Assembly approval, with the revised budget approved each April.



General Government

Direct Cost Budget to Actuals

91%

of budget spent

✓ All departments met or underspent budget

⚠ Exceptions: Chief Administration Officer (Risk Management) and Public Works due to position updates



Utilities / Enterprise

Fiscal Year 2025 Results

Under Spent

Expenses

All utilities/enterprise

Over Revenue

Revenues

Most exceeded projections

Strong revenue performance partially offset by all-under expenses position.

Mayor's Priorities

Guiding principles for the 2026 budget



**GOOD
GOVERNMENT**



**SAFE STREETS
AND TRAILS**



**BUILDING
OUR FUTURE**

2026 Approved Budget

Mayor LaFrance's 2026 Budget Goals

01

Address homelessness.

02

Expand and align Anchorage's crisis response services.

03

Improve and invest in snow removal.

04

Invest in traffic calming and safe public spaces.

05

Support childcare and early education.

06

Get the basics right:

Continue core MOA constituent work; improve recruitment & retention to ensure day-to-day services.



2026 Approved Budget (Recap of previous action)

Changes from 2025 Revised

+\$15.3M

Labor

Salaries & benefits

-\$9.0M

Non-Labor

P&F retirement, leases, prof. services,
contracts

-\$3.9M

Debt Service

Scheduled debt obligations

Total Increase

\$8.8 Million



Historical Direct Cost Adjustments

First Quarter revisions year over year



Adjustments Include:

- Revenue-related adjustments
- Expenditure adjustments
- Voter approved projects and O&M
- Service Area Board requests

Year	1Q Adjustment
2021 1Q	+\$7.50 million
2022 1Q	+\$11.70 million
2023 1Q	+\$13.10 million
2024 1Q	+\$8.93 million
2025 1Q	+\$9.01 million
2026 1Q (prelim.)	+\$8.93 million



2026 1Q Revenue Adjustment Highlights

Revenue Item	+Increase or (Decrease) in Millions
Tax Anticipation Notes (TANs) Investment Earnings	(\$1.1)
MOA Trust	+\$0.6
Worker's Compensation General Liability Settlement Recovery	+\$0.8
Community Assistance Program	+\$1.1
Ambulance Service Fees	+\$1.8
Room Tax	+\$2.0



2026 1Q Direct Cost Adjustment Highlights

Direct Cost Item	+Increase or (Decrease) in Millions
Tax Anticipation Notes (TANs) Investment	(\$1.1)
City Hall Building Ownership Savings	(\$1.0)
Tax Cap Adjustments: Voter Approved O&M, WC GL Settlement Recovery (One-time)	+\$0.9
Labor Adjustments	+\$2.9
Contractual and Utility Adjustments include: \$0.7M WC & GL claims, \$0.9M SAFER grant, \$0.8M AACC, \$1.5M AnchorRIDES	+\$6.2



2026 1Q Tax Cap Calculation

Tax Limit Calculation

		Anchorage Municipal Charter 14.03 and Anchorage Municipal Code 12.25.040	
		2025	2026
Line		at Revised	at Revised
1	<u>Step 1: Building Base with Taxes Collected the Prior Year</u>		
2	Real/Personal Property Taxes to be Collected	334,333,113	355,360,203
3	Auto Tax	10,311,702	10,311,702
4	Tobacco Tax	19,050,000	21,000,000
5	Motor Vehicle Rental Tax	10,000,000	9,500,000
6	Fuel Excise Tax	13,500,000	14,000,000
7	Payment in Lieu of Taxes (State & Federal)	10,070,633	9,167,131
8	MUSAMESA	19,820,796	20,402,035
9	Step 1 Total	417,086,244	439,741,071
10			
11	<u>Step 2: Back out Prior Year's Exclusions Not Subject to Tax Limit</u>		
12	Taxes Authorized by Voter-Approved Ballot - ARDSA Fleet Levy	-	(3,500,000)
13	Judgments/Legal Settlements	(2,455,352)	(3,400,000)
14	Debt Service	(55,482,032)	(57,808,888)
15	Emergency Ordinances	-	(1,163,496)
16	Step 2 Total	(57,937,384)	(65,872,384)
17			
18	Tax Limit Base (before Adjustment for Population and CPI)	359,148,860	373,868,687
19			
20	<u>Step 3: Adjust for Population, Inflation</u>		
21	Population 5 Year Average	-0.30% (1,077,450)	-0.10% (373,870)
22	Change in Consumer Price Index 5 Year Average	3.10% 11,133,610	3.80% 14,207,010
23	Step 3 Total	2.80% 10,056,160	3.70% 13,833,140
24			
25	The Base for Calculating Following Year's Tax Limit	369,205,020	387,701,827
26			
27	<u>Step 4: Add Taxes for Current Year Items Not Subject to Tax Limit</u>		
28	New Construction	2,636,544	2,317,189
29	Taxes Authorized by Voter-Approved Ballot - O&M	344,000	272,000
30	Taxes Authorized by Voter-Approved Ballot - ARDSA Fleet Levy	3,500,000	3,500,000
31	Judgments/Legal Settlements	3,400,000	4,176,868
32	Debt Service	57,808,888	50,590,241
33	Emergency Ordinances	1,163,496	-
34	Step 4 Total	68,852,928	60,856,298
35			
36	Limit on ALL Taxes that can be collected	438,057,948	448,558,125
37			
38	<u>Step 5: To determine limit on property taxes, back out other taxes</u>		
39	Automobile Tax	(10,311,702)	(11,686,595)
40	Tobacco Tax	(21,000,000)	(19,000,000)
41	Motor Vehicle Rental Tax	(9,500,000)	(10,000,000)
42	Fuel Excise Tax	(14,000,000)	(14,000,000)
43	Payment in Lieu of Taxes (Utility, State, and Federal)	(9,167,131)	(10,278,126)
44	MUSAMESA	(20,402,035)	(20,400,959)
45	Step 5 Total	(84,380,868)	(85,365,680)
46			
47	Limit on PROPERTY Taxes that can be collected	353,677,080	363,192,445
48			
49	Add General Government use of tax capacity within the Tax Cap	1,683,422	-
50			
51	Limit on PROPERTY Taxes that can be collected within the Tax Cap	355,360,502	363,192,445
52			
53	<u>Step 6: Determine property taxes to be collected if different than Limit on Property Taxes that can be collected</u>		
54	Property taxes to be collected based on spending decisions minus other available revenue.		
55			
56	Property taxes TO BE COLLECTED	355,360,203	363,145,120
57			
58	Amount below limit on property taxes that can be collected ("under the cap")	299	47,325

There also are service areas with boards that set their maximum mill levies. The property taxes in these service areas are not subject to the Tax Limit Calculation ("outside the cap"). The 2026 total property taxes "outside the cap" is \$30,287,796, making the total of all property taxes to be collected for General Government \$393,432,916.

Key Result

\$47,325

under the tax cap

The 2026 Revised budget proposal remains within the legally established property tax cap.



2026 1Q Tax Cap Detail

17					17	
18	Tax Limit Base (before Adjustment for Population and CPI)		359,148,860		373,868,687	18
19						19
20	<u>Step 3: Adjust for Population, Inflation</u>					20
21	Population 5 Year Average	-0.30%	(1,077,450)	-0.10%	(373,870)	21
22	Change in Consumer Price Index 5 Year Average	3.10%	11,133,610	3.80%	14,207,010	22
23	Step 3 Total	2.80%	10,056,160	3.70%	13,833,140	23
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26						26
27	<u>Step 4: Add Taxes for Current Year Items Not Subject to Tax Limit</u>					27
28	New Construction		2,636,544		2,317,189	28
29	Taxes Authorized by Voter-Approved Ballot - O&M		344,000		272,000	29
30	Taxes Authorized by Voter-Approved Ballot - ARDSA Fleet Levy		3,500,000		3,500,000	30
31	Judgments/Legal Settlements		3,400,000		4,176,868	31
32	Debt Service		57,808,888		50,590,241	32
33	Emergency Ordinances		1,163,496		-	33
34	Step 4 Total		68,852,928		60,856,298	34
35						35
36	Limit on ALL Taxes that can be collected		438,057,948		448,558,125	36

Key Notes

- Population and CPI impacts: tax cap follows trend up or down (5-year average).
- Judgements/Legal settlements recovery: \$ (one-time).
- Voter approved levy for ARDSA heavy equipment: \$3,500,000.



2026 1Q Budget Changes

Total Appropriation

2026 Approved 2026 1Q Revised

\$656.8M → \$665.8M

▲ \$9.0M increase

Position Count

2026 Approved 2026 1Q Revised

2,376 → 2,387

▲ +11 positions

Property Tax

2026 Approved 2026 1Q Revised

\$362.3M → \$363.1M

▲ \$0.8M increase



2026 Average Mill Levy

	2025	2026 Preliminary	Difference	2026 Cost per \$100,000
General Government	9.13	8.97	-0.16	\$ 897
Anchorage School District	6.32	6.32	0.00	\$ 632
TOTAL	15.45	15.29	-0.16	\$1,529

General Government mill levy reduced 0.16 between 2025 and 2026.

ASD mill levy remains flat between 2025 and 2026.



Total average 2026 mill levy is a reduction of 0.16.

2026 1Q Alcoholic Beverages & Marijuana Retail Sales Taxes

Alcoholic Beverages Retail Sales Tax

- Decrease Alcoholic Beverages Retail Sales Tax Revenue **(\$1.8M)**
- Calculated Labor Adjustments and IGCs **+\$206K**
- Labor Adjustments to Healthy Spaces Fund **(\$859K)**
- Transfer Congregate Shelter to Operating Budget **(\$1M)**
- Reduce revenue management costs **(\$100K)**



Marijuana Retail Sales Tax

Anchorage Childcare and Early Education (ACCEE)

- Decrease Marijuana Retail Sales Tax Revenue **(\$0.8M)**
- Calculated Labor Adjustments and IGCs **+\$35K**
- Board recommended Sector Worker Bonuses **(\$400K)**
- Board recommended In-Home Provider Start Up Funds **(\$100K)**

2026 1Q Utilities / Enterprise Revisions

Utility / Enterprise	Change in Appropriation (Ops)	Capital Change
Anchorage Water Utility	+\$860K	—
Anchorage Wastewater Utility	+\$757K	—
Solid Waste Services — Refuse Collections	+\$758K	+\$950K
Solid Waste Services — Disposal Collections	+\$4.9M	+\$4.9M
Solid Waste Services — Landfill Liability/Closure Care	+\$5.3M	—
Merrill Field Airport	+\$7K	—
Anchorage Hydro	+\$23K	+\$1.9M
Don Young Port of Alaska	+\$3.9M	—



Future Budget Considerations

01 FEMA Emergency Recoveries

Closeout and recovery of all FEMA declared emergencies, including remaining obligations and reimbursement timelines.

02 Risk & Fund Recoveries

Building Safety Service Area (BSSA) & Workers' Compensation fund recoveries from prior year obligations.

03 Labor & Healthcare Costs

Ongoing labor cost pressures, scheduled wage adjustments and increased healthcare costs affecting the general government operating budget.

04 Deferred Maintenance of Roads & Facilities

Long range facility deferred maintenance costs and capital investment needed to sustain municipal infrastructure.



Schedule of Worksessions & Public Hearing

2026 1Q Budget Approval Timeline

April 14th

2026 1Q Budget Introduced to Assembly

Official introduction of the revised budget proposals

April 17th

Assembly Worksession

First worksession — department presentations and Q&A

April 24th

Second Worksession — Assembly Amendments

Assembly proposes and considers amendments

April 28th

S Version, Public Hearing & Final Action

Final public hearing and assembly vote on approval

May 1st

Treasury Receives Mill Rates

Rates provided to Treasury to prepare tax notices



Thank You

Office of Management & Budget (OMB)

Budgets available at: muni.org/Departments/budget

