

(S) Submitted by: Assembly Member Sulte
Assembly Member Rivera
(S) Reviewed by: Assembly Counsel's
Office
Finance Department
Department of Law
Office of Management & Budget
(S) For reading: December 3, 2024

**ANCHORAGE, ALASKA
AO No. 2024-105(S)***

(NOTE: this (S) version is presented without legislative drafting markup from the original AO text, it is written as a new ordinance. See the AM for summary of changes)

1 AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY PROPOSING
2 A DEDICATED PROPERTY] TAX AND ECONOMIC DEVELOPMENT MEASURE
3 TO BE SUBMITTED TO THE QUALIFIED VOTERS OF THE MUNICIPALITY
4 THAT WOULD ENACT A SALES AND USE TAX OF THREE PERCENT (3%) IN
5 THE AGGREGATE ON THE SALE OF GOODS AND SERVICES WITHIN THE
6 MUNICIPALITY, WITH CERTAIN EXEMPTIONS, A MAXIMUM TAX AMOUNT
7 PER TRANSACTION, COMPRISED OF A TWO PERCENT (2%) TAX
8 DEDICATED FOR THE SOLE PURPOSE OF REDUCING PROPERTY TAXES
9 PROPORTIONATELY THROUGHOUT THE MUNICIPALITY WITHIN THE "TAX
10 CAP" CALCULATION, AND A ONE PERCENT (1%) TAX OUTSIDE OF THE TAX
11 CAP DEDICATED FOR ESTABLISHMENT OF A TRUST FUND TO PAY FOR
12 VOTER APPROVED CAPITAL PROJECTS KNOWN AS MUNICIPAL AREA
13 PROJECTS (MAPs); COSTS OF ADMINISTRATION, COLLECTION AND AUDIT
14 OF THESE SALES AND USE TAXES SHALL BE SHARED PROPORTIONALLY
15 BETWEEN THE TAXES; PROVIDING FOR A MAPs CITIZENS ADVISORY
16 BOARD; PROVIDING A LIMITED TERM OF SEVEN (7) YEARS FOR THE
17 AGGREGATED 3% SALES AND USE TAX LEVY; AMENDING ANCHORAGE
18 MUNICIPAL CODE CHAPTER 12.25 REGARDING THE TAX INCREASE
19 LIMITATION; ADDING A NEW CHAPTER TO THE ANCHORAGE MUNICIPAL
20 CODE TO PARTIALLY IMPLEMENT THIS TAX REVENUE DIVERSIFICATION
21 MEASURE; AND PROVIDING FOR TRANSITION PROCEDURES AND
22 EFFECTIVE DATES.

23
24 **WHEREAS**, there has been a desire by the community to reduce property taxes
25 and a desire to diversify our tax base by ensuring non-residents who purchase
26 goods, consume services, benefit from public safety services, and use public
27 facilities and streets within the Municipality primarily funded through residential
28 property tax revenue will contribute to their provision and upkeep within the
29 Municipality of Anchorage; and
30

31 **WHEREAS**, the Municipality of Anchorage is suffering from a net outmigration of
32 residents with a net decline from 2013 (302,127) to 2023 (289,653) of 12,474
33 residents or ~4.1%; of which 18,314 are of working age and multiple forecasts

1 predict this decline will continue; and

2
3 **WHEREAS**, there is a desire to revitalize Anchorage through Municipal Area
4 Projects (MAPs) that will attract and retain residents, increase resident and visitor
5 enjoyment, and enhance the livability of Anchorage; and

6
7 **WHEREAS**, to reduce the regressive effect of a general retail sales tax, exemptions
8 will be provided for common and necessity transactions; and

9
10 **WHEREAS**, to reduce the regressive effect of a general retail sales tax, the proposal
11 recommends a household exemption component in which the Assembly determines
12 a process whereby Anchorage households with annual income at or below the 80%
13 federal poverty line may apply for exemption from the sales and use tax altogether,
14 and

15
16 **WHEREAS**, there will be a \$1,000 cap on the amount of a purchase transaction
17 subject to the sales and use taxes, limiting the amount of tax paid to a maximum of
18 \$30 per transaction; and

19
20 **WHEREAS**, the term of the tax would be limited to no more than seven (7) full
21 calendar years from the start of the tax levy and collections, excluding the initial
22 partial year; and

23
24 **WHEREAS**, forecasted annual revenue from the tax, based on conservative
25 estimates, is expected to be \$180 million with two-thirds going to property tax relief
26 and, one-third going to Municipal Area Projects approved by the voters after
27 payment of costs of administration, collection and audit of the tax; and

28
29 **WHEREAS**, the amount of property tax relief is forecasted to be 16% or
30 approximately \$265 for each \$100,000 assessed home value in the Municipality,
31 which is a reduction of approximately ~\$1,195 to the property tax bill for an average
32 home valued at \$450,000; and

33
34 **WHEREAS**, Municipal Area Projects would have oversight provided by a MAPs
35 Citizen Advisory Board when appointed by the Mayor and confirmed by the
36 Assembly; and

37
38 **WHEREAS**, a sales and use tax is not new to Alaska with sales taxes, along with
39 use tax in some instances, implemented in Juneau, Kenai, Homer, Ketchikan,
40 Kodiak, Palmer, Seward, Soldotna, Wasilla and other jurisdictions; and

41
42 **WHEREAS**, MAPs will be required to have 80% of funding in place prior to the
43 commencing of field or site work in order to ensure projects are funded from MAPs
44 Fund and Trust reserves; and

45
46 **WHEREAS**, under this proposal the MAPs Fund and Trust reserves shall not be

1 used to secure general obligation bond debt; now, therefore

2
3 **Section 1.** Pursuant to state law and the Anchorage Municipal Charter, a ballot
4 proposition in substantially the same form as appear in Section 2 below shall be
5 placed on the ballot and submitted to the qualified voters of the Municipality at the
6 regular municipal election on April 1, 2025.

7
8 **Section 2.** A ballot proposition shall be presented in substantially the following
9 form:

10
11 **PROPOSITION NO. _____**
12 **PROPERTY TAX REDUCTION AND ECONOMIC DEVELOPMENT**
13 **MEASURE:**
14 **CHARTER AMENDMENT AND ORDINANCE TO AUTHORIZE THE LEVY**
15 **OF A 3% SALES AND USE TAX, COMPRISED OF 2% SOLELY FOR**
16 **PROPERTY TAX REDUCTION UNDER THE "TAX CAP," AND 1%**
17 **DEDICATED TO PROPERTY TAX REDUCTION AND VOTER**
18 **APPROVED CAPITAL PROJECTS**

19
20 The proposed Charter Amendment and Assembly Ordinance 2024-____
21 would authorize and enact a seven (7) calendar year term-limited aggregated
22 three percent (3%) sales and use tax on the sale or use of goods and services
23 within the Municipality of Anchorage, with certain specified exemptions. This
24 is comprised of two separate sales and use tax levies for separate purposes:

25
26 **(1) A two percent (2%) sales and use tax dedicated to the reduction of**
27 **property taxes under the tax cap. The full amount of this tax revenue,**
28 **after the cost of administration, is dedicated to reduction of property**
29 **taxes, dollar for dollar. This is estimated to reduce the overall property**
30 **tax burden by approximately \$120 million, or 16% of an average**
31 **property tax bill.**

32
33 **(2) A one percent (1%) tax dedicated to fund community infrastructure**
34 **projects excluded from (e.g. outside) the Tax Cap and known as**
35 **Municipal Area Projects (MAPs) approved by the voters.** The full amount
36 of this tax revenue, after the cost of administration and after costs of MAPs
37 facility lifetime operations, maintenance, and safety for constructed and
38 related improvements, is solely dedicated to funding of MAPs projects
39 approved by the voters, listed in this proposition. A project may not break
40 ground until funding for 80% of its estimated construction costs are
41 appropriated. A minimum "Trust reserves" amount will be required during the
42 economic life of constructed MAPs in order to use investment earnings to pay
43 for operations and maintenance of them. MAPs tax funds and reserves shall
44 not be used to secure general obligation bond debt.
45

1 The following capital investments, identified by Anchorage residents, will be
2 constructed, acquired, maintained and operated pursuant to this proposition:
3

4 **Projects:**

- 5 1. Public Safety Vehicle Fleet - replace vehicles to improve public
6 safety response capabilities
- 7 2. Snow Removal Heavy Equipment Fleet - improve snow plowing by
8 replacing aging equipment
- 9 3. Kincaid Trailside Facility – full-service facility including food and
10 beverage concessions, outdoor gear rentals, year-round recreation
11 space, and other amenities
- 12 4. Goose Lake Trailside Facility – replacement of existing structure with
13 full-service facility including food and beverage concessions, outdoor
14 gear rentals, year-round recreation space, and other amenities
- 15 5. Westchester Lagoon Trailside Facility - full-service facility including
16 food and beverage concessions, outdoor gear rentals, year-round
17 recreation space, and other amenities
- 18 6. Downtown Arts and Entertainment Redevelopment – upgrade the
19 Performing Arts Center and improve downtown core pedestrian
20 experience with lighting, wayfinding, walkways, and other pedestrian
21 infrastructure
- 22 7. East Anchorage Sports Center – indoor sports center including an
23 indoor track, open turf space, court space, and other features that
24 make sporting activities available to the community
- 25 8. Anchorage Children’s Museum – a facility offering exhibits and
26 programs designed for children
- 27 9. Chester Creek Sports Complex Redevelopment – a sports facility
28 offering indoor commercial space and other amenities
29 complementing the area’s revitalization
- 30 10. Eagle River Sports Center – indoor sports center including an indoor
31 track, open turf space, court space, and other features that make
32 sporting activities available to the community
- 33 11. Girdwood Arts & Recreation District – a community space for art
34 events, and an RV park
35
36
37

38 This Property Tax Reduction and Economic Development Measure proposes
39 to amend Anchorage Municipal Charter Section 14.03 and add new Section
40 14.08 and 14.09 as follows (new language proposed is shown in **bold and**
41 **underlined**; language to be deleted is shown with ~~**strikeout in bold and**~~
42 ~~**brackets**~~):
43

44 **Section 14.03. - Tax increase limitation.**

- 45
- 46 (a) Except as provided in this section, the total amount of municipal

1 tax that can be levied during a fiscal year shall not exceed the total
2 amount approved by the assembly for the preceding year by more
3 than a percentage determined by adding the average percentage
4 increase in the Federal Consumer Price Index for Anchorage from
5 the preceding five fiscal years plus the average percentage growth
6 or loss in the Anchorage municipal population over the preceding
7 five fiscal years as determined by the state department of
8 community and regional affairs.

9 (1) The "total amount of the municipal tax that can be levied
10 during a fiscal year" and the "total amount approved by the
11 assembly for the preceding year" in subsection (a) of this
12 section shall include all payments in-lieu of taxes paid or to
13 be paid by any Municipality of Anchorage utility,
14 department, agency or public corporation or authority.

15
16 (2) The "total amount approved by the assembly for the
17 preceding year" shall be the total amount of the taxes and
18 payments in-lieu of taxes approved by the assembly for
19 collection in the preceding year.

20
21 **(3) For the calendar year that begins following the initial**
22 **levy of the tax under Charter § 14.08(a), the "total**
23 **amount of the municipal tax that can be levied during**
24 **[the] fiscal year" shall be reduced by an amount equal**
25 **to the gross receipts of the two percent (2%) sales and**
26 **use tax collected minus the payment of two-thirds of the**
27 **costs of administration, collection and audit to the**
28 **Municipality pursuant to Charter § 14.08(a) in the year**
29 **said tax is first levied.**

30
31 **(4) For the calendar year after the one in subsection (3)**
32 **continuing for seven calendar years, "the total amount**
33 **approved by the assembly for the preceding year" shall**
34 **include net receipts of the two percent (2%) sales and**
35 **use tax collected after two-thirds of the costs of**
36 **administration, collection and audit to the Municipality**
37 **pursuant to Charter § 14.08(a) the year prior to the year**
38 **for which the increase limitation is calculated; and the**
39 **resulting "total amount of the municipal tax that can be**
40 **levied during [the] fiscal year" shall be adjusted by the**
41 **same amount.**

- 42
43 (b) The limitations set forth in subsection (a) do not apply to the following:
44 (1) Taxes on new construction or property improvements which
45 occur during the current fiscal year.
46 (2) Taxes required to fund additional services mandated by voter

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

- approved ballot issues.
- (3) Special taxes authorized by voter approved ballot issues.
- (4) Taxes required to fund the costs of judgments entered against the municipality or to pay principal or interest on bonds, including revenue bonds.
- (5) Taxes required to fund the cost of an emergency ordinance enacted pursuant to 10.03 of the Municipal Charter.
- (6) Taxes imposed pursuant to Charter § 14.06 prior to 2019 and subsequent to 2023.
- (7) Taxes imposed pursuant to Charter § 14.08(b).**
- (8) Taxes imposed pursuant to Charter § 14.09.**

(c) Any tax increases which result from the exceptions set forth in subsection (b)(1)— (3) shall be added to the base amount which is used in subsection (a) for the calculations of the subsequent year tax increase limit. Taxes collected pursuant to Charter § 14.06 in 2018 shall be added to the base amount which is used in subsection (a) for calculations of the 2019 tax increase limit. Taxes collected pursuant to Charter § 14.06 in 2024 and subsequent years shall be in addition to taxes that can be levied pursuant to this section. To ameliorate the effect of excepting taxes in subsection (b)(6) subsequent to 2023, the total amount of municipal tax that can be levied as calculated under subsection (a) for 2024 only shall be reduced by one million dollars.

*** *** ***

Section 14.08. - Sales and Use Tax Dedicated to Property Tax Relief.

(a) The assembly is hereby authorized to levy, to the extent provided by law, a two percent (2%) tax on the sale and use of goods and services within the municipality, with exemptions as provided by law. The proceeds of the 2% sales and use tax authorized by this section in one fiscal year after payment of the two-thirds of the costs of administration, collection and audit are dedicated to property tax reduction in the following year. This reduction shall be accomplished by expenditure of the gross receipts in place of property taxes in any manner for which property taxes are authorized. The taxes collected used for payment of two-thirds of the costs of administration, collection and audit of the taxes authorized by this section shall be "special taxes" under Charter § 14.03(b).

(b) In addition to the two percent (2%) tax authorized by subsection (a), the assembly is hereby authorized to levy a one percent (1%) tax on the sale and use of goods and services within the municipality dedicated to funding Municipal Area Projects (MAPs). Each MAP shall be approved

1 a majority of the voters voting on the question. This tax shall
2 be levied at the same time, in the same manner, and with
3 identical exemptions as the tax authorized by subsection (a).
4 The net receipts from this one percent (1%) sales and use tax,
5 after payment of one-third of the costs of administration,
6 collection and audit to the municipality for the taxes authorized
7 by this section, shall be dedicated to investments for purposes
8 of using earnings to pay the costs for operations, maintenance
9 and safety for constructed MAPs and related improvements,
10 and to funding development and construction costs of MAPs.

11
12 (1) The net proceeds dedicated above shall be used to
13 establish a trust fund and be deposited therein. The
14 assembly shall establish by ordinance a level of trust
15 fund assets reasonable and necessary to hold in reserve
16 for investment earnings sufficient to be available during
17 the economic life of any constructed MAPs project for
18 the costs of operations, maintenance and safety
19 improvements. The assembly may authorize draws from
20 the trust by ordinance, with the following stipulations:

21
22 (i) Investment earnings are first used for payment of
23 costs for operations, maintenance and safety
24 improvements for constructed MAPs and related
25 improvements. Investment earnings
26 unencumbered at the end of the fiscal year shall
27 become part of the trust corpus.

28
29 (ii) Appropriations from the trust corpus are
30 authorized for costs of funding design,
31 development, and construction of a project on the
32 MAPs list; provided that no initial appropriation
33 for a project's construction costs is permitted
34 unless the project is 80% funded or more,
35 regardless of source.

36
37 (iii) Appropriations from the trust corpus may not
38 cause the balance to fall below the trust reserve
39 level established by the assembly in accordance
40 with this section.

41
42 (2) The assembly shall establish an investment policy for
43 the Trust Fund and Reserves by ordinance. The
44 assembly may enact such additional provisions, not

inconsistent with this section, as necessary or
desirable to implement this section.

(c) The taxes authorized by this section shall first be levied no earlier than July 1, 2026 and no later than July 1, 2027, as determined by the assembly by ordinance. The tax levies shall sunset and be repealed effective at 11:59 p.m. on December 31 of the seventh full calendar year following the date the tax was first levied.

(d) The costs of administration, collection and audit for the taxes authorized by this section shall be incurred proportionally from the 1% and 2% taxes collected.

(e) Notwithstanding Charter §§ 14.06 and 14.07, the taxes levied under this section apply to goods taxed by those sections, unless exempted by the assembly 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 **and its renewals and amendments,** except the taxes imposed by Charter **§ [Section] 14.05, § [and Section] 14.07, and § 14.08** 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) The right of immunity from sales taxes, except upon approval by three-fifths (3/5) of the qualified voters

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

voting on the question except the taxes, and their renewals and amendments, imposed by Charter § [Section] 14.05, § [and Section] 14.07, and § 14.08 shall be effective if approved by a majority (50 percent + one) of the qualified voters voting on the question.

If approved by more than 50% of the qualified voters voting on the question at the April 1, 2025 Regular Election, the Charter amendments will become effective 30 days after certification of the election, and the sales and use tax levy will become effective no later than July 1, 2027, with the date of initial levy to be established by the Anchorage Assembly by ordinance. The sales and use tax levy will be repealed automatically on December 31 of the seventh full calendar year after it is first levied.

Shall the Charter be amended as shown above and become law, authorizing a temporary, dedicated-use aggregated 3% sales and use tax?

YES

NO

Section 3. Anchorage Municipal Code Title 12 is hereby amended to add a new chapter 12.80 to read as follows, effective if and only if the proposition in Section 2 of this ordinance is approved by the voters:

**Chapter 12.80
Tax on the Sale or Use of Goods and Services**

- 12.80.010 Aggregated Sales and use tax.
- 12.80.020 Purpose.
- 12.80.025 Interpretation.
- 12.80.030 Definitions.
- 12.80.040 Property Tax Relief 2% sales and use tax.
- 12.80.050 Municipal Area Projects 1% sales and use tax.
- 12.80.060 MAPs Citizen Advisory Board.
- 12.80.070 Non-taxable sales and exemptions.
- 12.80.080 Dedicated Sales and Use Tax Trust Fund.
- 12.80.090 Obligation for payment of tax; disposition of excess collections; liability for uncollected taxes.
- 12.80.100 Alaska Remote Seller Sales Tax Code, adoption.
- 12.80.110 Presumption of taxability; sales price and value.
- 12.80.120 Timely filing allowance, seller reimbursement for collection costs.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

12.80.10 Aggregated sales and use tax.

- A. *Sales Tax Imposed.* An aggregated sales tax of 3% is hereby levied on the taxable retail sales of all goods and services sold within the municipality, except as provided in this chapter. This consists of two separate sales and use taxes, one of two percent (2%) for property tax relief, and one of one percent (1%) for funding Municipal Area Projects, as authorized by Charter § 14.08.

- B. *Use Tax Imposed.* A use tax at the same rate as the sales tax in subsection A., for the privilege of use within the municipality, is hereby levied on the person using the following goods acquired on or after the effective date of initial levy of the sales tax authorized by this section:
 - 1. Goods manufactured in the municipality, only if the person manufacturing the good is not engaged in the business of manufacturing for resale to an end user; or
 - 2. Goods acquired outside of the municipality and primarily used within the municipality, if the acquisition is the result of a transaction subject to the sales tax if it had occurred in the municipality.
 - 3. The first one-thousand dollars (\$1,000) of goods manufactured in the municipality or goods acquired outside of the municipality and primarily used within the municipality, as described in subparagraphs 1 and 2 above, are exempted from the use tax on an annual basis.

- C. *Credit for taxes previously paid.* The use tax levied under this section shall be adjusted in accordance with AS 29.45.650(c) if the person subject to the use tax provides proof, in the form required by the department, the person previously paid a sales tax imposed by any jurisdiction on the goods.

- D. To the fullest extent permitted under the law and constitutions of the United States and the State of Alaska, and under the Charter, a person who has nexus within the state and whose sales are not subject to the sales taxes shall collect the use tax from the purchaser and pay the tax collected to the municipality.

- E. The aggregated sales and use taxes levied by this section shall be collected for a limited term beginning at 12:01 a.m. on July 1, 2026, for the remainder of that year, plus seven (7) full calendar years until

1 11:59 p.m. on December 31, 2034 when it shall be repealed by
2 operation of law.
3

4 **12.80.020 Purpose.** The purposes of this chapter are:
5

6 A. *Property Tax Relief.* A purpose of this chapter is to provide dedicated
7 property tax relief to the property owners of the municipality. The net
8 receipts of the two percent (2%) sales and use tax, after payment of
9 the 2/3 of costs of administration and collection for sales and use
10 taxes, shall be applied to reduce property taxes equally and uniformly
11 throughout the municipality so the benefits of the reduction in property
12 taxes are shared throughout the municipality. The two percent (2%)
13 sales and use tax obtained by the municipality in one fiscal year shall
14 be restricted to application to the following fiscal year's budget by
15 appropriations. The amount of the two percent (2%) sales and use
16 tax obtained by the municipality in one fiscal year shall be included in
17 the tax increase limitation computation for the next fiscal year as an
18 offset amount of the real and personal property taxes to be collected
19 for that fiscal year.
20

21 B. *Municipal Area Projects (MAPs):* A purpose of this chapter is to
22 provide funding for Municipal Area Projects (MAPs) recommended
23 and desired by the public. The net receipts of the one percent (1%)
24 sales and use tax, after payment of the 1/3 of costs of administration
25 and collection for sales and use taxes, shall be restricted to funding of
26 Municipal Area Projects for the benefit of the Municipality, including
27 Trust fund reserves to generate investment earnings to pay for
28 operations, maintenance, and safety improvements. No project shall
29 break ground until a minimum of 80% of funding required for that
30 project has been appropriated. MAPs Fund and Trust reserves shall
31 not be used to secure general obligation bond debt.
32

33 A. The costs of administration, collection and audit of the total aggregated sales
34 and use tax shall be paid proportionally out of the proceeds from the both
35 aggregated sales and use tax.
36

37 B. The operations, maintenance and safety for constructed and related
38 improvements under Section 12.80.020B. shall be paid out of the proceeds
39 from the one percent (1%) sales and use tax.
40

41 **12.80.025 - Interpretation.**
42

43 A. The tax levied by this chapter applies to all sales, rentals and services
44 except those that this chapter expressly exempts from the tax.
45

1 B. The application of the tax levied under this chapter shall be broadly
2 construed and shall favor inclusion rather than exclusion.

3
4 C. The exemptions from the tax levied under this chapter shall be
5 narrowly construed against the claimant and in favor of taxation.
6

7
8 **12.80.030 Definitions.**
9

10 The following words, terms and phrases, when used in this chapter, shall
11 have the meanings ascribed to them in this section, except where the context
12 clearly indicates a different meaning:
13

14 **Certificate of Exemption** shall mean a certificate issued by the
15 municipality to a person qualifying as an "Exempt Purchaser" of goods
16 upon application by the purchaser demonstrating its entitlement to
17 such exemption. The purchaser shall provide the certificate to a seller
18 of goods at the time of purchase in order to obtain the permitted
19 exemption.
20

21 **Chief Fiscal Officer** shall mean the chief fiscal officer of the
22 municipality, or designee.
23

24 **Counseling Services** shall mean all services provided to an
25 individual taxpayer by a psychologist or psychological associate,
26 psychiatrist, clinical social worker, substance abuse counselor, or a
27 marital and/or family therapist, licensed or certified to provide such
28 services by the State of Alaska.
29

30 **Department** shall mean the finance department of the municipality.
31

32 **Exemption** shall mean a buyer or seller is exempt under a provision
33 of this chapter, or the sale itself is exempt under a provision of this
34 chapter.
35

36 **Food** shall mean goods that may be lawfully purchased with food
37 stamp program benefits issued under 7 U.S.C. 2011 - 2025 (Food
38 Stamp Act, Supplemental Nutrition Assistance Program) or purchased
39 with food instruments, food vouchers or other type of certificate issued
40 under 42 U.S.C. 1786 (Special Supplemental Nutrition Program for
41 Women, Infants and Children or WIC). Also, items constituting the
42 basic necessities for human consumption, encompassing unprepared
43 food products, fresh produce, including fruits and vegetables,
44 uncooked meat and seafood, dairy products like milk and cheese, as
45 well as staples such as bread and rice.
46

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45

Food and food ingredients shall mean substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. "Food and food ingredients" does not include "alcoholic beverages" or "tobacco."

Prepared Food shall mean:

- (i) Food sold in a heated state or heated by the seller;
- (ii) Two or more food ingredients mixed or combined by the seller for sale as a single item; or
- (iii) Food sold with eating utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or straws. A plate does not include a container or packaging used to transport the food.

Goods shall mean all tangible personal property that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses. "Tangible personal property" includes electricity, water, gas, steam, and prewritten computer software.

Household Exemption shall mean the exemption of households with annual income at or below federal level of eighty-percent (80%) poverty from the provisions of this sales and use tax.

Legal Services shall mean all services provided to an individual taxpayer by a lawyer or paralegal or any other individual licensed or certified by the State of Alaska to provide legal services.

MAPs Citizen Advisory Board shall mean a board comprised of Municipal Citizens as established in this chapter.

Medical Services shall mean all services provided to an individual taxpayer by a physician, osteopath, chiropractor, dentist, registered or practical nurse, physician's assistant, certified nurse's aide, paramedic, emergency medical technician, naturopath, optometrist, audiologist, hospital, midwife, birth center, occupational therapist, physical therapist, or any other person certified or licensed by the state of Alaska to provide health care services.

Menstrual Hygiene Products shall mean tampons, panty liners, menstrual cups, pads, and other similar tangible personal property designed for use in connection with the human menstrual cycle, contraceptives, but does not include "grooming and hygiene products" as defined in this section.

1 ***Municipal Area Projects (MAPs)*** shall mean capital projects as
2 defined by municipal code or capital investments that will have benefit
3 to the Municipality of Anchorage with measurable improvements for
4 the immediate and long-term livability of Anchorage.
5

6 **Nonprofit Organization** shall mean a business or organization that
7 has been granted tax-exempt status by the Internal Revenue Service.
8

9 **Person** shall mean those who are under a duty to perform an act
10 concerning which a violation of this chapter could occur, such as an
11 individual, company, partnership, joint venture, joint agreement,
12 association (mutual or otherwise), corporation, estate, trust, business
13 trust, receiver or trustee, syndicate, or political subdivision of this state,
14 or combination acting as a unit including officers or members of any
15 such entities. It is the intent of this chapter that such persons be
16 personally liable for unremitted taxes.
17

18 ***Precious metals bullion*** shall mean any precious metal, including,
19 but not limited to, gold, silver, platinum, and palladium, that is in such
20 a state or condition that its value depends upon its precious metal
21 content and not its form.
22

23 ***Prescription medicine*** shall mean an order, formula or recipe issued
24 in any form of oral, written, electronic, or other means of transmission
25 by a duly licensed practitioner authorized by the laws of the member
26 state.
27

28 ***Purchaser*** shall mean a person to whom a sale is made.
29

30 ***Real Property*** shall mean land, whether subdivided or not, all
31 buildings, structures, improvements and fixtures of any kind thereon,
32 and all possessory rights and privileges belonging and pertaining
33 thereto.
34

35 ***Resale*** shall mean:

36 A. the sale of goods by a manufacturer, wholesaler or distributor
37 to a retail vendor; sales to a wholesale or retail dealer who deals
38 in the property sold, for the purpose of resale by the dealer.

39 B. Sales of personal property as raw material to a person
40 engaged in manufacturing components for sale, where the
41 property sold is consumed in the manufacturing process of, or
42 becomes an ingredient or component part of, a product
43 manufactured for sale by the manufacturer.

44 C. Sale of personal property as construction material to a
45 licensed building contractor where the property sold becomes
46 part of the permanent structure.

1
2 **Services** shall mean all services of every manner and description
3 performed or furnished for compensation within the municipality as
4 required to install, construct, repair or complete specified results or
5 end products and professional services, services in which a product
6 or sale of property may be involved, repair, transportation, advertising,
7 recreation, amusement, craftsmen's services, and services wherein
8 labor and materials are provided to accomplish a specific result.
9

10 **Seller** shall mean every person, whether acting as principal, agent or
11 employee, who makes a sale subject to this tax.
12

13 **Selling price** applies to the measure subject to sales and use tax and
14 means the total amount of consideration, including cash, credit,
15 property, and services, for which personal property or services are
16 sold, leased, or rented, valued in money, whether received in money
17 or otherwise, without any deduction for the following:
18

- 19 a. The cost of materials used, labor or service cost,
20 interest, losses, all costs of transportation to the seller,
21 all taxes imposed on the seller, and any other expense
22 of the seller;
23 b. Charges by the seller for any services necessary to
24 complete the sale, other than delivery and installation
25 charges;
26 c. Delivery charges;
27 d. Installation charges; and
28 e. Credit for any trade-in, as determined by state law.
29

30 **Tax Payer** shall mean any person responsible for the payment of any
31 sales or use tax as required by this chapter.
32

33 **12.80.040 Property Tax Relief 2% sales and use tax.**
34

35 The two percent (2%) sales and use tax levied by Section 12.80.010 and
36 authorized by Charter § 14.08(a), after 2/3 of the costs of administration,
37 collection, and audit to the municipality for the tax, is solely dedicated to
38 property tax relief and in substitution of other taxes. The department shall
39 implement this section.
40

41 **12.80.050 Municipal Area Projects 1% sales and use tax.**
42

- 43 A. The net receipts of the one percent (1%) sales and use tax levied by
44 section 12.80.010 and authorized by Charter § 14.08(b) for Municipal
45 Area Projects, after payment or transfer for one-third of the costs of
46 administration, collection, and audit to the municipality for the tax, shall

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

be deposited in the MAPs trust fund and managed and administered in accordance with this chapter.

B. Projects to be funded: The net receipts of the MAPs 1% sales and use tax funds available for funding MAPs projects may be expended only for the following limited purposes (the "projects") approved by the voters:

Projects:

1. Public Safety Vehicle Fleet - replace vehicles to improve public safety response capabilities
2. Snow Removal Heavy Equipment Fleet - improve snow plowing by replacing aging equipment
3. Kincaid Trailside Facility – full-service facility including food and beverage concessions, outdoor gear rentals, year-round recreation space, and other amenities
4. Goose Lake Trailside Facility – replacement of existing structure with full-service facility including food and beverage concessions, outdoor gear rentals, year-round recreation space, and other amenities
5. Westchester Lagoon Trailside Facility - full-service facility including food and beverage concessions, outdoor gear rentals, year-round recreation space, and other amenities
6. Downtown Arts and Entertainment Redevelopment – upgrade the Performing Arts Center and improve downtown core pedestrian experience with lighting, wayfinding, walkways, and other pedestrian infrastructure
7. East Anchorage Sports Center – indoor sports center including an indoor track, open turf space, court space, and other features that make sporting activities available to the community
8. Anchorage Children’s Museum – a facility offering exhibits and programs designed for children
9. Chester Creek Sports Complex Redevelopment – a sports facility offering indoor commercial space and other amenities complementing the area’s revitalization
10. Eagle River Sports Center – indoor sports center including an indoor track, open turf space, court space, and other features that make sporting activities available to the community
11. Girdwood Arts & Recreation District – a community space for art events, and an RV park

C. Additional or substituted projects must be placed on the ballot and approved by voters with a vote of 50% plus one.

1 D. No more than 10% of the net receipts of the MAPs 1% sales and use tax
2 funds shall be used to fund vehicle and heavy equipment fleet investments.
3 A minimum of 5% and not more than 15% of the net receipts of the MAPs 1%
4 sales and use tax funds shall be invested to fund the operations,
5 maintenance and safety costs of MAPs projects.
6

7 E. There is hereby established a limited purpose tax fund to be known as the
8 "Municipal Area Projects Tax Trust Fund" into which all revenues collected
9 pursuant to Subsection 12.80.040A. above shall be deposited. Monies in said
10 limited-purpose Trust Fund shall be accumulated from year-to-year. Monies
11 in said limited purpose trust fund shall be expended only as accumulated and
12 only for the limited purposes (projects and administration, collection, audit,
13 long term operations, maintenance and safety for constructed and related
14 improvements) described in Charter § 14.09.
15

16 **12.80.060 MAPs Citizen Advisory Board.**
17

18 A. There is hereby authorized the establishment of a MAPs Citizen
19 Advisory Board to review proposed and actual expenditures of such
20 monies from the MAPs Tax Trust Fund and submit recommendations
21 to the assembly and mayor regarding such expenditures, the order of
22 projects funded, and modifications to the list of tax exemptions. The
23 board must be seated and hold its first meeting with quorum at least
24 60 days prior to expenditure of any monies in the MAPs Tax Trust
25 Fund
26

- 27 1. The formation of the Board shall be at the discretion of the
28 Mayor with appointment approval by the Assembly.
29
- 30 2. The board shall have seven (7) members, appointed by the
31 mayor and confirmed by the assembly, who shall serve for a
32 term of 3 years.
33
- 34 3. The board shall recommend to the mayor and assembly the
35 priority order in which projects should be funded through
36 appropriations as required by the Charter § 14.08.
37
- 38 4. The board shall recommend appropriations for operations,
39 maintenance, security and safety for constructed and related
40 improvements as required by Charter Amendment.
41
- 42 5. The board shall at least on an annual basis provide a report to
43 the mayor and assembly on the status of the tax and any
44 exemptions that they recommend be added, deleted, or
45 changed.
46

12.80.070 Non-taxable sales, exclusions and exemptions.

A. The following sales are not taxable under this chapter under state or federal law:

1. Sales to or uses by an agency of the United States government, an instrumentality of the State of Alaska as that term is defined in AS 39.52.960, a municipality or school district, including the Anchorage School District, a Regional Housing Authority created pursuant to A.S.18.55.996, or a Native entity or tribe included on the federal list published under 25 U.S.C. 5131.
2. Sales to or uses by foreign diplomats under the Foreign Missions Act (22 U.S.C. 4301 *et seq.*).
3. Sales to or uses by the Alaska Life and Health Insurance Guaranty Association, under AS 21.79.130.
4. Sales or use of goods related to an orbital space facility, pursuant to AS 29.45.650(h).
5. A purchase made with (a) food coupons, food stamps, or other type of allotment issued under 7 U.S.C. 2011--2036 (Food Stamp Program); or (b) food instruments, food vouchers, or other type of certificate issued under 42 U.S.C. 1786 (Special Supplemental Food Program for Women, Infants, and Children). For purposes of this subsection, the value of a food stamp allotment paid in the form of a wage subsidy as authorized under AS 47.25.975(b) is not considered to be an allotment issued under 7 U.S.C. 2011--2036 (Food Stamp Program).
6. The retail sale, use, or transfer of refined fuel.
7. A construction contract awarded by the state or a state agency, or on a subcontract awarded in connection with the project funded under the construction contract.
8. Other sales or uses the municipality is prohibited from taxing under the federal or state Constitutions or laws of the United States or the State of Alaska.

B. *Maximum tax per transaction.* Only the first \$1,000.00 of the price in each transaction shall be subject to sales tax levied under this chapter, the amount in excess in each transaction is excluded and not taxable. This rule applies as follows in the circumstances described:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

1. The payment of rent for personal property in excess of \$1,000, and for more than one month shall be treated as separate transactions covering the rental for one month each. A transaction involving payment for services to be rendered or delivered over a period of more than one month for a consideration in excess of \$1,000 shall be treated as separate transactions occurring one each month over the period of time that the service is rendered.
2. Each night of each individual room rental shall be considered a separate transaction and therefore the maximum tax computation shall be calculated on a per room per night basis.
3. Capital Leases. Contracts to purchase the property at the end of a lease shall be treated as a sale on the effective date of the contract and are subject to the maximum tax per transaction pursuant to subsection (A) of this section.
4. Other Lease Types. Leases that have an option to purchase at the end of the lease are taxed on the principal amount of each lease payment for the term of the lease. If the purchase is made at the end of the lease, the purchase transaction would be treated as another separate transaction. Interest and financing charges related to the lease payment are not subject to tax.
5. Installment Payments. When payments for a single transaction are made on an installment basis the sales tax on the transaction shall be collected on the first payment.

C. The municipality hereby declares the following exemptions from the taxes imposed by this chapter:

1. Sales of food, except prepared food shall be taxable.
2. Sale of prescription medicine or medical goods prescribed by a physician, psychiatrist or other person licensed in the United States to lawfully authorize such prescription.
3. The provision of medical services or counseling services.
4. The sale of gasoline or diesel fuel.
5. Small business transactions for businesses classified as a Cottage Industry business, or as a small manufacturing operation run out of a home by a single individual or a family.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45

6. Financial service transactions. For purposes of this chapter, financial service transactions are limited to: deposit account services, loan transaction fees, transactions relating to the sale or exchange of currency or securities or precious metals bullion, transactions for conversion of negotiable instruments, safe deposit services, escrow collection services, late fees, overdraft fees, and interest charged on past due accounts.
7. The use by an individual of personal or household effects brought into the municipality for the establishment by the individual of an initial residence in the municipality is exempt from the use tax.
8. Licensed childcare services, childcare products, and menstrual hygiene products, and contraceptives.
9. Isolated sales by one individual to another when the seller is not generally engaged in the business of selling the same or similar property.
10. Rental of personal property, unless the rental transaction for personal property provides a right of purchase at the end of the rental contract. However, this provision does not exempt motor vehicle rentals that are also subject to the motor vehicle rental tax in chapter 12.45.
11. The sale or rental of real property (including all necessary or customary services provided in order to legally accomplish a sale or rental of real property), except the rental of a room or rooms taxable under chapter 12.20 are also taxable under this chapter.
12. The sale of contracts of insurance.
13. Sale of school classroom items and professional development courses or other goods or services qualifying for the federal income tax educator expense deduction, to those presenting a valid teacher's identification or certificate.
14. Purchases made by nonprofits. The Municipality shall develop an online registration for certifying that a nonprofit is eligible for exemption as a "nonprofit exempt purchaser," at no cost to the nonprofit. Upon certification the nonprofit exempt purchaser shall provide their federal tax identification number to a seller

1 of goods at the time of purchase in order to obtain the permitted
2 exemption.

3
4 D. The following sales are exempt from the taxes imposed by this
5 chapter, provided the seller or purchaser, as applicable, is in
6 possession of a valid certificate of exemption:

7
8 1. Sales and purchases by a nonprofit organization, provided the
9 sale of goods or services is incidental and all the proceeds of
10 the sale go to the organization and its mission, and is not part
11 of an "unrelated trade or business" as that term is defined by
12 the Internal Revenue Code.

13
14 2. Sale of goods for resale.

15
16 E. The application of the exemptions provided for in subsections A-D of
17 this section to specific goods and services shall be determined by the
18 department.

19
20 F. The Assembly by majority vote may, after formal recommendation
21 from the MAPs Citizen Advisory Board, alter or modify a determination
22 of the department concerning the application of any exemption
23 provided for in subsection A-D of this section to any specific goods or
24 services.

25
26
27
28
29 **12.80.080 Dedicated sales and use tax trust fund.**

30
31 A. Pursuant to Charter § 14.08, there is established a Dedicated Sales
32 and Use Tax Trust Fund. The Trust Fund is dedicated for the net
33 receipts of the one percent (1%) sales and use tax, after payment
34 of 1/3 of costs of administration, collection and audit to the
35 Municipality.

36
37 1. The Trust Fund shall be invested as prescribed by an
38 investment policy approved by the assembly.

39
40 2. The Trust Fund shall be governed by a board of trustees,
41 appointed by the mayor and confirmed by the Assembly,
42 each of whom shall serve for a term of 3 years.

43
44 B. Reserved.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

12.80.090 Obligation for payment of tax; disposition of excess collections; liability for uncollected taxes.

- A. The purchaser is obligated to pay the aggregated sales and use tax under this chapter, and it shall be collected by the seller at the time of the sale transaction or acquisition. The tax rate is applied to the selling price.
1. If a purchaser produces a certificate of exemption issued by the municipality 12.80 at the time of the sale transaction, the seller shall not collect the tax. The seller shall retain verification of the exempt status of the transaction in its records. If no verification is retained, the seller is liable for the uncollected taxes.
 2. If the purchaser does not produce an exemption certificate issued by the municipality, but the transaction is in fact exempt under federal, state, local or other law, the seller is not liable for the uncollected tax, provided verification of the purchaser's exemption is retained in the seller's records or otherwise readily available and reported to the department.
 3. Any uncollected sales tax under this subsection, which should have been collected, is a liability of the seller.
 4. If the selling price cannot be determined for purposes of calculating the amount of sales and use tax, the fair market value at the time of sale shall be subject to the sales and use tax.
- B. All sales and use taxes collected pursuant to this chapter are municipal funds for which the seller is liable to the municipality. The seller is liable for all monies collected from the purchaser as sales and use tax in excess of the tax imposed by section 12.80.010. The seller shall make reasonable efforts to return excess tax collected to the purchaser. If the seller is unable to return it, the excess tax collected shall be reported and remitted to the municipality with the regular tax return.
- C. Any person acquiring an ownership interest in the accounts receivable of a business, whether by purchase, foreclosure, or otherwise, shall also be liable for the payment of taxes, penalties, interest, fees and costs accruing and unpaid to the municipality from those accounts receivable.

1 D. Any person acquiring an ownership interest in an ongoing business,
2 whether by purchase, foreclosure or otherwise, shall also be liable for
3 the payment of any taxes, penalties, interests, fee or costs owed to
4 the municipality for taxes collected by the former owner or seller of the
5 business.

6
7 E. The president and any officer, member, manager or agent of a
8 corporation or limited liability company with control of, supervision of,
9 or charged with the responsibility of filing sales and use tax returns or
10 remitting sales and use taxes is personally liable for any unpaid taxes,
11 penalties, interest, fees and costs accruing and unpaid to the
12 municipality. Dissolution of, or sale of, or other change in the form of
13 the corporation or company does not discharge this personal liability.

14
15 F. The municipality may pursue collection of unpaid and unremitted taxes
16 as provided in this chapter.

17
18
19 **12.80.100 Alaska Remote Seller Sales Tax Code, adoption.**

20
21 The municipality hereby adopts and incorporates herein by reference the
22 Remote Seller Sales Tax Code, published by the Alaska Remote Sellers
23 Sales Tax Commission, in its entirety as it pertains to collection of sales tax
24 from remote sellers and marketplace facilitators. In case of a conflict
25 between the Remote Seller Sales Tax Code and this chapter, for transactions
26 by sellers within the municipality this chapter shall govern, and for
27 transactions by remote sellers the Remote Seller Sales Tax Code shall
28 govern.

29
30 **12.80.110 Presumption of taxability; sales price and value.**

31
32 A. To prevent evasion of the aggregated sales and use tax and to aid in
33 its administration, it is presumed:

- 34
35 1. All sales of goods or services by a person engaging in business
36 in the municipality are subject to the tax, unless exempt by this
37 chapter; and
38
39 2. All goods or services purchased or sold by any person for
40 delivery into the municipality are purchased or sold for a taxable
41 use in the municipality.

42
43 B. For purposes of this section, the sales price or value of property,
44 goods or services shall be determined as of the time of acquisition,
45 introduction into the municipality, or conversion to use, whichever is
46 latest.

- 1
2 C. If the department has reasonable cause to believe a seller structured
3 a transaction to avoid collecting or remitting the tax levied under this
4 chapter, there is a rebuttable presumption that the substance of the
5 transaction is a taxable sale under this chapter.
6

7 **12.80.110 Timely filing allowance, seller reimbursement for**
8 **collection costs and confidentiality of information.**
9

- 10 A. A seller authorized to collect the aggregated sales and use tax under
11 this chapter and who is in otherwise full compliance with this chapter
12 may retain three percent (3%) of the tax collected, up to a maximum
13 of \$3,000 in a calendar year, for purposes of offsetting a portion of the
14 costs incurred by the seller in collecting the tax for the municipality,
15 provided the seller's tax return and full remittance is received by the
16 department on or before the due date.
17

- 18 B. If the seller is not in full compliance with this chapter, the seller is not
19 eligible for and may not retain the three percent (3%) costs offset.
20

- 21 C. A seller is not in full compliance if the seller:
22 1. has an account with a past-due balance, or
23 2. has a missing or incomplete return outstanding, or
24 3. is in any manner not in compliance with a municipally approved
25 payment plan.
26

- 27 D. The seller shall report on each tax return the amount retained under
28 this section for that reporting period, and the total amount retained in
29 the calendar year up to the last day of the reporting period.
30

31 D. Confidentiality of information

- 32 a. The records of the seller retained pursuant to this chapter shall
33 be considered proprietary and confidential and shall not be
34 disclosed to any person except employees and agents of the
35 Municipality acting in their official capacity and then only for
36 purposes reasonably related to the collection and remittance of
37 the sales and use tax.
38 b. Notwithstanding subsection a., the department may, at its
39 discretion for the sole purpose of enforcing this chapter, share
40 any and all sales and use tax returns, registration information or
41 other data gathered under this chapter with other federal, state
42 and municipal tax collection agencies and other government
43 agencies only as necessary to enforce this chapter, collect tax
44 monies, or perform an audit.
45 c. Violation of this section or aiding violation of this section is a
46 Class B misdemeanor.

Section 5. Anchorage Municipal Code chapter 12.25 is hereby amended to read
as follows (*the remainder of the chapter is not affected and therefore not set out*):

Chapter 12.25 TAX INCREASE LIMITATION

*** *** ***

12.25.030 - Ballot information; establishment of baseline.

A. *Ballot information.* In the interest of better citizen understanding of the
impacts of their approval of special projects and programs, all
municipal programs or projects placed on the ballot soliciting voter
approval, except those Municipal Area Projects (MAPs) approved by
the voters and listed in chapter 12.80, will include for approval an
estimation of operation and maintenance costs for the first full year of
operation.

*** *** ***

(AO No. 84-208(S-A))

*** *** ***

12.25.040 - Computation of maximum attainable tax revenue amount.

The estimate of maximum attainable tax revenue (next year revenue
available) is computed for the next fiscal year according to the following
procedures:

- A. Define the tax increase escalation amount, (L):
 $L = (T - d - e) \times (1 + C + P)$ where the base amount for calculating the
next year's tax increase limit shall be the total amount of the municipal
taxes to be collected for the current fiscal year and:
1. L is the allowable tax increase due to population and inflation
growth factors.
 2. T is the total amount of:
 - a. Real property and personal property taxes to be
collected for the current fiscal year reduced by the
amount of 2% sales and use taxes collected in the prior
year, if any.
 - b. Municipal payments in-lieu of taxes paid or to be paid by
any municipality of Anchorage utility, department,
agency, public corporation or authority (MPILT),
 - c. Auto fees, and
 - d. State and federal payments in lieu of taxes levied in the
current fiscal year in current-year dollars.

*** *** ***

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

B. Define exclusions in accordance with Charter section 14.03(b) and the following guidance:

*** *** ***

8. The taxes used for payment of costs of administration, collection and audit to the municipality from the two percent (2%) sales and use tax authorized by Charter § 14.08(a).

9. The gross receipts of the one percent (1%) sales and use taxes authorized by Charter § 14.08(b).

C. The summation of the amounts defined in subsections A and B defines the total tax revenue that may be collected [AVAILABLE FOR NEXT YEAR'S BUDGET PLANNING] and establishes the next fiscal year property tax required, hence the next year's mill levy.

(AO No. 84-208(S-A); AO No. 2003-160, §§ 2, 3, 1-1-04; AO No. 2003-161, § 1, 12-16-03; AO No. 2003-164, § 1, 12-16-03; AO No. 2004-22, § 1, 2-3-04; AO No. 2005-47, § 1, 4-19-05; AO No. 2005-48, § 1, 4-19-05; AO No. 2005-49, § 1, 4-19-05; AO No. 2009-109, § 2, 1-10-10; AO No. 2011-38, § 1, 3-29-11; AO No. 2019-12, § 3, 3-5-19)

Section 6. The full text of Sections 2 and 3 shall be published conspicuously on the Municipality's web pages, including the elections web pages, no later than the day ballot packages are first mailed to voters pursuant to Title 28, and made available at every accessible vote center and the Election Center on election day, and at any location established for early voting prior to election day at all times when such location is open for marking and casting ballots.

Section 7. The Charter amendments set forth in the proposition in Section 2 and the Code amendments set forth in Sections 3 and 4 of this ordinance shall become effective on July 1, 2025, if and only if, said proposition is approved by a majority of the qualified voters of the Municipality voting on the proposition during the regular Anchorage Municipal election held on April 1, 2025. The remainder of this ordinance shall be effective upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly this _____ day of _____, 2024.

Chair

ATTEST:

1
2
3
4
5

Municipal Clerk

DRAFT



**MUNICIPALITY OF ANCHORAGE
ASSEMBLY MEMORANDUM**

No. AM XXX-2024

Meeting Date: XXX, 2024

1 **From: Assembly Members Sulte and Rivera**

2
3 **Subject: AO 2024-105(S): AN ORDINANCE OF THE ANCHORAGE**
4 **MUNICIPAL ASSEMBLY PROPOSING A DEDICATED PROPERTY TAX AND**
5 **ECONOMIC DEVELOPMENT MEASURE TO BE SUBMITTED TO THE**
6 **QUALIFIED VOTERS OF THE MUNICIPALITY THAT WOULD ENACT A SALES**
7 **AND USE TAXES OF THREE PERCENT (3%) IN THE AGGREGATE ON THE**
8 **SALE OF GOODS AND SERVICES WITHIN THE MUNICIPALITY, WITH**
9 **CERTAIN EXEMPTIONS, A MAXIMUM TAX AMOUNT PER TRANSACTION,**
10 **COMPRISED OF A TWO PERCENT (2%) TAX DEDICATED FOR THE SOLE**
11 **PURPOSE OF REDUCING PROPERTY TAXES PROPORTIONATELY**
12 **THROUGHOUT THE MUNICIPALITY WITHIN THE "TAX CAP"**
13 **CALCULATION, AND A ONE PERCENT (1%) TAX OUTSIDE OF THE TAX**
14 **CAP DEDICATED FOR ESTABLISHMENT OF A TRUST FUND TO PAY FOR**
15 **VOTER APPROVED CAPITAL PROJECTS KNOWN AS MUNICIPAL AREA**
16 **PROJECTS (MAPs); COSTS OF ADMINISTRATION, COLLECTION AND AUDIT**
17 **OF THESE SALES AND USE TAXES SHALL BE SHARED PROPORTIONALLY**
18 **BETWEEN THE TAXES; PROVIDING FOR A MAPs CITIZENS ADVISORY**
19 **BOARD; PROVIDING A LIMITED TERM OF SEVEN (7) YEARS FOR THE**
20 **AGGREGATED 3% SALES AND USE TAX LEVY; AMENDING ANCHORAGE**
21 **MUNICIPAL CODE CHAPTER 12.25 REGARDING THE TAX INCREASE**
22 **LIMITATION; ADDING NEW CHAPTERS TO THE ANCHORAGE MUNICIPAL**
23 **CODE TO PARTIALLY IMPLEMENT THIS TAX REVENUE DIVERSIFICATION**
24 **MEASURE; AND PROVIDING FOR TRANSITION PROCEDURES AND**
25 **EFFECTIVE DATES.**

26
27
28
29 The sponsors of the original AO 2024-105 propose several changes in this S
30 version. Many changes are for clarity and specificity in the ballot proposition
31 language. But, there are some substantive changes as well in response to feedback
32 gathered from community members and work sessions on the original AO.

33
34 Substantive changes include the following:

35
36 **Inclusion of eleven proposed projects for voter approval, including public**
37 **safety vehicles and snow removal heavy equipment fleet replacement.** The
38 intention of including public safety and snow removal fleet funding is to create a
39 revenue stream that allows an expedited replacement of vehicles that have
40 surpassed service lifetimes, and to secure lifetime operations and maintenance
41 funding for the new vehicles and equipment purchased with sales tax revenue. This
42 is designed to meet Municipal service needs that Anchorage residents have
43 identified as top priority – timely street maintenance and public safety
44 responsiveness.

Enhanced language re: operations and maintenance

Section 12.80.050 B. directs that a minimum of 5% and no more than 15% of the net receipts of the MAPs 1% sales and use tax shall be invested to fund the operations, maintenance and safety costs of MAPs projects.

With expected capital investment of over \$420 million, the projects funded by this measure will meet the requirements of Anchorage Municipal Code chapter 7.15.045 regarding Community Workforce Agreements (CWAs). The municipality's public policy is to use CWAs to the fullest extent allowed by law.

Inclusion of more specific language exempting nonprofit entities and Regional Housing Authorities

In response to community feedback regarding the work of Anchorage nonprofits, definitions are updated to ensure all nonprofit organizations are exempt from the sales and use tax and language directing the Municipality to develop an online registration process for certifying nonprofit exempt purchasers at no cost to the nonprofit. In addition, language exempting Regional Housing Authorities has been inserted.

Business confidentiality language

Language to protect the confidentiality of transactions and business data has been added to this version.

Assemblymember Bronga amendments

The amendments offered by Assemblymember Bronga at the November 6, 2024 meeting (laid on the table) are incorporated. These include exemptions for contraceptives, exemptions for educator expenses when purchasing goods or services that qualify for the federal income tax educator expense deduction, and an amendment making alcohol, marijuana and tobacco taxable for all households including those carrying certificates of exemption.

Advisory Board

The MAPs Citizen Advisory Board language is updated to reflect the anticipated role of the board.

Online sales tax collection language:

Language has been added to adopt the Alaska Uniform Remote Sellers Sales Tax Code by reference, streamlining Anchorage's collection of tax on remote (online) sales.

Includes provisions included to be consistent with:

- The seminal U.S. Supreme Court case *South Dakota v. Wayfair*, 585 U.S. 162, 138 S. Ct. 2080 (2018), which overruled the "physical presence rule" in the Court's precedents *Quill Corp. v. North Dakota*, 504 U.S. 298, 112 S. Ct. 1904 (1992) and *National Bellas Hess, Inc. v. Dept. of Revenue of Ill.*, 386 U.S. 753, 87 S. Ct. 1389 (1967). The result is remote sellers without a physical presence in the taxing jurisdiction may be required to

1 collect and remit sales taxes, if they have a “substantial nexus” with the
2 taxing state. The substantial nexus requirement is one of the elements
3 necessary for the courts to sustain a tax, so long as it (1) applies to an
4 activity with a substantial nexus with the taxing State, (2) is fairly
5 apportioned, (3) does not discriminate against interstate commerce, and
6 (4) is fairly related to the services the State provides, the test for validity
7 of a tax established by *Complete Auto Transit, Inc. v. Brady*, 430 U.S.
8 274, 97 S. Ct. 1076 (1977).

- 9 • Revised the nexus test for imposition of sales taxes to not require seller’s
10 physical presence in the taxing jurisdiction, .
- 11 • The Multistate Sales Tax Compact, adopted by the State of Alaska and
12 applicable to its subdivisions, including the MOA. AS 43.10.019. This
13 includes two main provisions identified in Article V, “Elements of Sales
14 and Use Tax Laws”: (1) tax credit for legally imposed sales or use taxes
15 paid by the purchaser with respect to the same property to another state
16 or subdivision; and (2) recognition of resale and other exemption
17 certificates authorized by the appropriate state or subdivision taxing
18 authority.
- 19 • The Alaska Remote Seller Sales Tax Code, promulgated by the Alaska
20 Remote Seller Sales Tax Commission (ARSSTC). The Municipality
21 should become a signatory member to the ARSSTC to streamline its
22 ability to collect from remote sellers, and adopt and incorporate by
23 reference the uniform code. The ARSSTC was established to provide a
24 simplified, single-level statewide administrative system to coordinate
25 sales tax collection for remote sales in Alaska. New sec
- 26 • Definition changes:
 - 27 ○ “Certificate of Exemption” is modified so it can cover persons
28 qualifying for an entity-based exemption, a resale exemption, or other
29 classes of exemption that may be enacted by ordinance in the future.
30 It could include the Hardship Relief exemption if the implementing
31 ordinances allow for that.
 - 32 ○ Replaces definition for “Charitable Organization” with “Nonprofit
33 Organization” using language from the Alaska Remote Sellers Sales
34 Tax Uniform Code.

35
36 We request your support for AO 2024-105(S).

37
38
39 Respectfully submitted:

40
41 Randy Sulte, Assembly Member
42 District 6 – South Anchorage, Girdwood and Turnagain Arm

43
44 Felix Rivera, Assembly Member
45 District 4 – Midtown