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For reading: Month Day, 2024

***** DRAFT 10-08-2024 *****

**ANCHORAGE, ALASKA
AO No. 2024-XXX**

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

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

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

36
37 **WHEREAS**, there is a desire to revitalize Anchorage through Municipal Area
38 Projects (MAPs) that will attract and retain residents, increase resident and visitor

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1 enjoyment, and enhance the livability of Anchorage; and

2
3 **WHEREAS**, to reduce the regressive effect of a general retail sales tax, exemptions
4 will be provided for common and basic necessity transactions; and

5
6 **WHEREAS**, to reduce the regressive effect of a general retail sales tax, the proposal
7 recommends a "hardship relief" component in which the Assembly determine a
8 process whereby Anchorage households with annual income at or below the 80%
9 federal poverty line may apply for exemption from the sales and use tax altogether,
10 and

11
12 **WHEREAS**, there will be imposed a \$1,000 cap on the amount of a purchase
13 transaction subject to the sales taxes, limiting the amount of tax paid to a maximum
14 of \$30 per transaction; and

15
16 **WHEREAS**, the term of the tax would be limited to no more than seven (7) full
17 calendar years from the start of the tax levy and collections, excluding the initial
18 partial year; and

19
20 **WHEREAS**, forecasted annual revenue from the tax, based on the mid-range of
21 estimates, is expected to be \$180 million with two-thirds going to property tax relief
22 and, after payment of costs for administration collection of the tax, one-third going
23 to Municipal Area Projects approved by the voters; and

24
25 **WHEREAS**, the amount of property tax relief is forecasted to be 16% or
26 approximately \$265 for each \$100,000 of assessed home value in the Municipality,
27 which is a reduction of approximately ~\$1,195 to the property tax bill for an average
28 home valued at \$450,000; and

29
30 **WHEREAS**, Municipal Area Projects would have oversight provided by a MAPs
31 Citizen Advisory and Oversight Board; and

32
33 **WHEREAS**, MAPs will be required to have 80% of funding in place prior to the
34 commencing of field or site work in order to ensure projects are funded from MAPs
35 Fund and Trust reserves; and

36
37 **WHEREAS**, under this proposal the MAPs Fund and Trust reserves shall not be
38 used to secure debt; now, therefore

39
40 **Section 1.** Pursuant to state law and the Anchorage Municipal Charter, a ballot
41 proposition in substantially the same form as appears in Section 2 below shall be
42 placed on the ballot and submitted to the qualified voters of the Municipality at the
43 regular municipal election on April 1, 2025.

44
45 **Section 2.** The ballot proposition shall be presented in substantially the following
46 form:

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PROPOSITION NO. _____
TAX REVENUE DIVERSIFICATION MEASURE:
CHARTER AMENDMENT AND ORDINANCE TO AUTHORIZE THE
LEVY OF A 3% SALES AND USE TAX, COMPRISED OF 2% SOLELY
FOR PROPERTY TAX REDUCTION UNDER THE "TAX CAP," AND 1%
DEDICATED TO FUNDING MUNICIPAL AREA PROJECTS APPROVED
BY THE VOTERS OUTSIDE THE "TAX CAP."

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

(1) A two percent (2%) sales and use tax dedicated to the reduction of property taxes. The full amount of this tax revenue will be utilized in the tax increase limitation calculation of Anchorage Municipal Charter section 14.03 (commonly referred to as the "Tax Cap"), and dedicated to reduction of property taxes, dollar for dollar. This is estimated to reduce the overall property tax burden by approximately \$120 million. To provide an accurate dollar amount for property tax reduction, rather than projections based on estimates, the two percent (2%) sales and use tax proceeds from one fiscal year will be applied to reduce the property tax in the following fiscal year. The tax shall be first levied no earlier than July 1, 2026 and no later than July 1, 2027 as determined by the assembly, and for that first partial calendar year the Municipality will also collect property taxes without reduction. In 2027 and subsequent years, property taxes will be reduced by the amount of sales and use taxes collected in the preceding year.

(2) A one percent (1%) tax dedicated to fund Municipal Area Projects (MAPs) approved by the voters. The full amount of this tax will be excluded from (e.g. "outside") the Tax Cap. The net receipts of this tax after costs of administration, collection and audit to the Municipality for both sales taxes--and after costs of MAPs facility lifetime operations, maintenance, and safety for constructed and related improvements--are solely dedicated to funding of MAPs approved by the voters, listed in this proposition. A project may not break ground until funding for 80% of its estimated construction costs are appropriated. A minimum "Trust reserves" amount will be required during the economic life of constructed MAPs in order to use investment earnings to pay for operations and maintenance of them. The MAPs shall not use bond debt, and the MAPs tax funds and reserves shall not be used to secure debt. The funds and reserves shall be overseen by a MAPs Citizen Advisory and Oversight Board authorized by this proposition and established by ordinance.

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

4 Main Projects:

- 5 1. *Placeholder*
- 6 2. *Placeholder*
- 7 3. *Placeholder*
- 8 X....

9
10 Supplemental Projects:

- 11 1. *Placeholder*
- 12 2. *Placeholder*
- 13 3. *Placeholder*
- 14 X....

15
16 AO 2024-__ amends the Anchorage Municipal Code to partially implement
17 the administration of the sales and use taxes authorized by this proposition
18 and is effective contingent on voter approval of the Charter amendments
19 herein. The ordinance includes

- 20 • a maximum amount to be taxed per good or service contract, or per
21 transaction, on only the first \$1,000. The ordinance accounts for
22 multiple items and goods purchased as part of a single transaction
23 taking place during a single day.
- 24 • a partial reimbursement to sellers allowing each to retain up to 3% of
25 the taxes collected to offset their costs of collecting the tax for the
26 Municipality, not to exceed \$3,000 per year per seller.
- 27 • Exemptions to the sales and use tax required by state or federal law,
28 and authorization for exemptions from taxation on certain goods and
29 services, including but not limited to rental housing, childcare costs,
30 childcare products, medical services, non-prepared foods, financial
31 transactions, automobile fuel and prescription medications. The
32 Anchorage Assembly is authorized to enact additional exemptions.
33 Note that transactions already subject to a specific retail sales tax by
34 the Municipality (room rentals, motor vehicle rentals, marijuana and
35 marijuana products, and alcoholic beverages) are not exempt and will
36 have this additional retail sales and use tax applied.

37
38 This Tax Revenue Diversification Measure proposes to amend Anchorage
39 Municipal Charter Section 14.03 and add new Sections 14.08 and 14.09 as
40 follows (new language proposed is shown in **bold and underlined**; language
41 to be deleted is shown with ~~[strikeout in bold and brackets]~~):
42

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

- 44
45 (a) Except as provided in this section, the total amount of municipal

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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 2027, the "total amount of the municipal tax that can**
22 **be levied during [the] fiscal year" shall be reduced by**
23 **an amount equal to the gross receipts of the two**
24 **percent (2%) sales and use tax collected pursuant to**
25 **Charter § 14.08 in 2026.**

26
27 **(4) For 2028 through 2034, "the total amount approved by**
28 **the assembly for the preceding year" shall be**
29 **considered to include gross receipts of the two percent**
30 **(2%) sales and use tax collected pursuant to Charter §**
31 **14.08 the year prior to the year for which the increase**
32 **limitation is calculated; and the resulting "total amount**
33 **of the municipal tax that can be levied during [the] fiscal**
34 **year" shall be adjusted by the same amount.**

35
36 (b) The limitations set forth in subsection (a) do not apply to the following:

37 (1) Taxes on new construction or property improvements which
38 occur during the current fiscal year.

39 (2) Taxes required to fund additional services mandated by voter
40 approved ballot issues.

41 (3) Special taxes authorized by voter approved ballot issues.

42 (4) Taxes required to fund the costs of judgments entered against
43 the municipality or to pay principal or interest on bonds,
44 including revenue bonds.

45 (5) Taxes required to fund the cost of an emergency ordinance
46 enacted pursuant to 10.03 of the Municipal Charter.

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(6) Taxes imposed pursuant to Charter § 14.06 prior to 2019 and subsequent to 2023.

(7) Taxes imposed pursuant to Charter § 14.08.

(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 tax 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 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, absent voter approval to the contrary.

(b) The total gross receipts of the sales and use tax authorized by this section in one fiscal year 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.

(c) The costs of administration, collection and audit for the tax authorized by this section shall be paid from the taxes collected pursuant to Charter § 14.09.

(d) The assembly may prescribe exemptions to the tax imposed by this section by ordinance, and shall enact such additional provisions, not inconsistent with this section, as necessary or desirable to implement this section.

1
2 **(e) Notwithstanding Charter §§ 14.06 and 14.07, the tax levied**
3 **under this section applies to goods taxed by those sections,**
4 **unless exempted by the assembly by ordinance.**

5
6 **Section 14.09 - Sales and Use Tax Dedicated to Municipal Area Projects**
7 **(MAPs) approved by the voters.**

8
9 **(a) In addition to the two percent (2%) tax authorized by Charter**
10 **§ 14.08, the assembly is hereby authorized to levy a one**
11 **percent (1%) tax on the sale and use of goods and services**
12 **within the municipality dedicated to funding Municipal Area**
13 **Projects (MAPs). This tax shall be levied at the same time, in**
14 **the same manner, and with identical exemptions as the tax**
15 **authorized by Charter § 14.08. The net receipts from this one**
16 **percent (1%) sales and use tax, after payment of the costs of**
17 **administration, collection and audit to the municipality for the**
18 **aggregated sales and use taxes of Charter §§ 14.08 and 14.09,**
19 **and after transfers for the costs for operations, maintenance**
20 **and safety for constructed MAPs and related improvements,**
21 **shall be dedicated to funding development and construction**
22 **costs of MAPs. The tax shall sunset and be repealed effective**
23 **the same time as the tax authorized by Charter § 14.08 sunsets**
24 **and is repealed, absent voter approval to the contrary.**

25
26 **(b) The proceeds of the one percent (1%) sales and use tax**
27 **authorized by this section, after payment of costs of**
28 **administration, collection and audit, shall be used to establish**
29 **a trust fund and be deposited therein. The assembly shall**
30 **establish by ordinance a level of trust fund assets reasonable**
31 **and necessary to hold in reserve for investment earnings**
32 **sufficient to be available during the economic life of any**
33 **constructed MAPs project for the costs of operations,**
34 **maintenance and safety improvements. The assembly may**
35 **authorize draws from the trust by ordinance, with the following**
36 **stipulations:**

37
38 **(1) Investment earnings are first used for payment of costs**
39 **for operations, maintenance and safety improvements**
40 **for constructed MAPs and related improvements.**
41 **Investment earnings unencumbered at the end of the**
42 **fiscal year shall become part of the trust corpus.**

43
44 **(2) Appropriations from the trust corpus are authorized for**
45 **costs of funding design, development, and construction**

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of a project on the MAPs list; provided that no initial appropriation for a project's construction costs is permitted unless the project is 80% funded or more, regardless of source.

(3) Appropriations from the trust corpus may not cause the balance to fall below the trust reserve level established by the assembly in accordance with this section.

(c) The assembly shall establish an investment policy for the Trust Fund and Reserves by ordinance. The assembly may enact such additional provisions, not inconsistent with this section, as necessary or desirable to implement this section.

(d) Notwithstanding Charter §§ 14.06 and 14.07, the tax levied under this section applies 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, except the taxes imposed by Charter ~~§ [Section]~~ 14.05, ~~§ [and Section]~~ 14.07, § 14.08, and § 14.09 shall be effective if approved by a majority (50 percent + one) of the qualified voters voting on the question.

*** **

Section 14.01 Taxing Authority

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(b) 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 ~~§ Section~~ 14.05, ~~[and] § Section~~ 14.07, § 14.08, and § 14.09 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 earlier than July 1, 2026 and no later than July 1, 2027, with the date of initial levy to be established by the Anchorage Assembly by ordinance. The tax 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 an 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.
- 12.80.030 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 and Oversight 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 Presumption of taxability; sales price and value.
- 12.80.110 Timely filing allowance, seller reimbursement for collection costs.

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1 **12.80.010 Aggregated sales and use tax.**
2

3 A. *Sales Tax Imposed.* An aggregated sales tax of 3% is hereby levied
4 on the taxable sales of all goods and services sold within the
5 municipality, except as provided in this chapter. This consists of two
6 separate sales and use taxes, one of two percent (2%) for property
7 tax relief, and one of one percent (1%) for funding Municipal Area
8 Projects, as authorized by Charter §§ 14.08 and 14.09, respectively.
9

10 B. *Use Tax Imposed.* A use tax at the same rate as the sales tax in
11 subsection A., for the privilege of use within the municipality, is hereby
12 levied on the person using the following goods acquired on or after the
13 effective date of initial levy of the sales tax authorized by this section:
14

15 1. Goods manufactured in the municipality, only if the person
16 manufacturing the good is not engaged in the business of
17 manufacturing for resale to an end user; or
18

19 2. Goods acquired outside of the municipality and primarily used
20 within the municipality, if the acquisition is the result of a
21 transaction subject to the sales tax if it had occurred in the
22 municipality.
23

24 3. The first one-thousand dollars (\$1,000) of goods manufactured
25 in the municipality or goods acquired outside of the municipality
26 and primarily used within the municipality, as described in
27 subparagraphs 1 and 2 above, are exempted from the use tax
28 on an annual basis.
29

30 C. *Credit for taxes previously paid.* The use tax levied under this section
31 shall be adjusted in accordance with AS 29.45.650(c) if the person
32 subject to the use tax provides proof, in the form required by the
33 department, the person previously paid a sales tax imposed by any
34 jurisdiction on the goods.
35

36 D. To the fullest extent permitted under the law and constitutions of the
37 United States and the State of Alaska, and under the Charter, a person
38 who has nexus within the state and whose sales are not subject to the
39 sales taxes shall collect the use tax from the purchaser and pay the
40 tax collected to the municipality.
41

42 E. The aggregated sales and use taxes levied by this section shall be
43 collected for a limited term beginning at 12:01 a.m. on July 1, 2026,
44 for the remainder of that year, plus seven (7) full calendar years until
45 11:59 p.m. on December 31, 2034 when it shall be repealed by
46 operation of law.

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2 **12.80.020 Purpose.** The purposes of this chapter are:
3

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

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

29 C. The costs of administration, collection and audit of the total
30 aggregated sales and use tax shall be paid out of the proceeds from
31 the one percent (1%) sales and use tax. The operations, maintenance
32 and safety for constructed and related improvements under Section
33 12.80.020B. shall be paid out of the proceeds from the one percent
34 (1%) sales and use tax.
35

36 **12.80.030 Definitions.**
37

38 The following words, terms and phrases, when used in this chapter, shall
39 have the meanings ascribed to them in this section, except where the context
40 clearly indicates a different meaning:
41

42 ***Certificate of Exemption*** shall mean a certificate issued by the
43 municipality to a person qualifying as an "Exempt Purchaser" of goods
44 upon application by the purchaser demonstrating its entitlement to
45 such exemption. The purchaser shall provide the certificate to a seller

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

3
4 **Charitable Organization** shall mean an organization exempt from
5 taxation under 26 U.S.C. 501(c)(3) or the Alaska Nonprofit
6 Corporations Act AS chapter 10.20.

7
8 **Chief Fiscal Officer** shall mean the chief fiscal officer of the
9 municipality, or designee.

10
11
12 **Counseling Services** shall mean all services provided to an
13 individual taxpayer by a psychologist or psychological associate,
14 psychiatrist, clinical social worker, substance abuse counselor, or a
15 marital and/or family therapist, licensed or certified to provide such
16 services by the State of Alaska.

17
18 **Department** shall mean the finance department of the municipality.

19
20 **Exemption** shall mean a buyer or seller is exempt under a provision
21 of this chapter, or the sale itself is exempt under a provision of this
22 chapter.

23
24 **Food** shall mean goods that may be lawfully purchased with food
25 stamp program benefits issued under 7 U.S.C. 2011 - 2025 (Food
26 Stamp Act, Supplemental Nutrition Assistance Program) or purchased
27 with food instruments, food vouchers or other type of certificate issued
28 under 42 U.S.C. 1786 (Special Supplemental Nutrition Program for
29 Women, Infants and Children or WIC).

30
31 **Goods** shall mean all tangible personal property that can be seen,
32 weighed, measured, felt, or touched, or that is in any other manner
33 perceptible to the senses. "Tangible personal property" includes
34 electricity, water, gas, steam, and prewritten computer software.

35
36 **Hardship Relief** shall mean the exemption of households with annual
37 income at or below federal level of eighty-percent (80%) poverty from
38 the provisions of this sales tax.

39
40 **Legal Services** shall mean all services provided to an individual
41 taxpayer by a lawyer or paralegal or any other individual licensed or
42 certified by the State of Alaska to provide legal services.

43
44 **MAPs Citizen Advisory and Oversight Board** shall mean a board
45 comprised of Municipal Citizens as established in this chapter.
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1 **Medical Services** shall mean all services provided to an individual
2 taxpayer by a physician, osteopath, chiropractor, dentist, registered or
3 practical nurse, physician's assistant, certified nurse's aide,
4 paramedic, emergency medical technician, naturopath, optometrist,
5 audiologist, hospital, midwife, birth center, occupational therapist,
6 physical therapist, or any other person certified or licensed by the state
7 of Alaska to provide health care services.

8
9 **Municipal Area Projects (MAPs)** shall mean capital projects as
10 defined by municipal code and capital investments that will have
11 benefit to the Municipality of Anchorage and measurable
12 improvements for the immediate and long-term livability of Anchorage.

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

22
23 **Prescription medicine** shall mean all medicine and any medical
24 goods prescribed by a physician or psychiatrist licensed to practice
25 medicine in the United States.

26
27 **Purchaser** shall mean a person to whom a sale is made.

28
29 **Real Property** shall mean land, whether subdivided or not, all
30 buildings, structures, improvements and fixtures of any kind thereon,
31 and all possessory rights and privileges belonging and pertaining
32 thereto.

33
34 **Resale** shall mean the sale of goods by a seller of raw materials, or
35 wholesaler, either consumed in the manufacturing process or which
36 become a component part of a product manufactured for sale; a sale
37 of goods sold to a licensed general or specialty building contractor
38 when the goods sold becomes permanently affixed to the residence
39 or commercial structure being constructed by the licensed contractor;
40 or a sale of goods by a manufacturer, or wholesaler, to a retail vendor.

41
42 **Services** shall mean all services of every manner and description
43 performed or furnished for compensation within the municipality as
44 required to install, construct, repair or complete specified results or
45 end products and professional services, services in which a product
46

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1 or sale of property may be involved, repair, transportation, advertising,
2 recreation, amusement, craftsmen's services, and services wherein
3 labor and materials are provided to accomplish a specific result.
4

5 **Seller** shall mean every person, whether acting as principal, agent or
6 employee, who makes a sale subject to this tax.
7

8 **Selling price** applies to the measure subject to sales tax and means
9 the total amount of consideration, including cash, credit, property, and
10 services, for which personal property or services are sold, leased, or
11 rented, valued in money, whether received in money or otherwise,
12 without any deduction for the following:
13

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

25 **Tax Payer** shall mean any person responsible for the payment of any
26 Use or Sales tax as required by this chapter.
27

28 **12.80.040 Property Tax Relief 2% sales and use tax.**
29

30 The two percent (2%) sales and use tax levied by Section 12.80.010 and
31 authorized by Charter § 14.08 is solely dedicated to property tax relief and in
32 substitution of other taxes. The department shall implement this section.
33

34 **12.80.050 Municipal Area Projects 1% sales and use tax.**
35

36 A. The one percent (1%) sales and use tax levied by section 12.80.010
37 and authorized by Charter § 14.09 for Municipal Area Projects shall
38 first pay the costs of administration, collection, and audit to the
39 municipality for the aggregated taxes levied by section 12.80.010, and
40 the remaining net receipts shall be deposited in the MAPs trust fund
41 and managed and administered in accordance with this chapter.
42

43 B. *Main Projects funded first.* The net receipts of the MAPs 1% sales and
44 use tax funds available for funding MAPs projects may be expended
45 first only for the following limited purposes (the "main projects")
46 approved by the voters:

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1. Project 1
2. Project 2
3. Project 3
4. XXX
5. XXX
6. XXX
7. XXX
8. XXX
9. XXX
10. XXX

The main projects may be commenced, continued, completed, and/or concluded, in whole or in part, in the order recommended by the MAPs Citizen Advisory and Oversight Board and approved by the assembly.

- C. *Supplemental Projects.* Upon conclusion of the main projects listed above, the net receipts of the MAPs 1% sales and use tax funds available for funding MAPs projects may be expended for the additional supplemental and following limited purposes (the "supplemental projects") approved by the voters:

1. Project 1
2. Project 2
3. Project 3
4. XXX
5. XXX
6. XXX

The supplemental projects may be commenced, continued, completed, and/or concluded, in whole or in part, in the order recommended by the MAPs Citizen Advisory and Oversight Board and approved by assembly.

As used in this Subsection 12.80.040C., the phrase "conclusion of the main projects" shall mean the final funding of the main projects in the amount(s) approved by assembly.

- D. There is hereby established a limited purpose tax fund to be known as the "Municipal Area Projects Tax Trust Fund" into which all revenues collected pursuant to Subsection 12.80.040A. above shall be deposited. Monies in said limited-purpose Trust Fund shall be accumulated from year-to-year. Monies in said limited purpose trust fund shall be expended only as accumulated and only for the limited purposes ("main projects" or "supplemental projects" and administration, collection, audit, long term operations, maintenance

1 and safety for constructed and related improvements) described in
2 Charter § 14.09.

3
4 **12.80.060 MAPs Citizen Advisory and Oversight Board.**

5
6 A. There is hereby established a MAPs Citizen Advisory and Oversight
7 Board to review proposed and actual expenditures of such monies
8 from the MAPs Tax Trust Fund and submit recommendations to the
9 assembly and mayor regarding such expenditures, the order of
10 projects funded, and modifications to the list of tax exemptions. The
11 board must be seated and hold its first meeting with quorum at least
12 60 days prior to expenditure of any monies in the MAPs Tax Trust
13 Fund

- 14
15 1. The board shall have seven (7) members, appointed by the
16 mayor and confirmed by the assembly, who shall serve for a
17 term of 3 years
- 18
19 2. The board shall recommend to the mayor and assembly the list
20 of projects that should be funded through appropriations as
21 required by the Charter §§ 14.08 and 14.09.
- 22
23 3. The board shall recommend appropriations for operations,
24 maintenance, security and safety for constructed and related
25 improvements as required by Charter Amendment.
- 26
27 4. The board shall at least on an annual basis provide a report to
28 the mayor and assembly on the status of the tax and any
29 exemptions that they recommend be added, deleted, or
30 changed.

31
32 **12.80.070 Non-taxable sales, exclusions and exemptions.**

33
34 A. The following sales are not taxable under this chapter under state or
35 federal law:

- 36
37 1. Sales to or uses by an agency of the United States government,
38 an instrumentality of the State of Alaska as that term is defined
39 in AS 39.52.960, a municipality or school district, including the
40 Anchorage School District, or a Native entity or tribe included
41 on the federal list published under 25 U.S.C. 5131.
- 42
43 2. Sales to or uses by foreign diplomats under the Foreign
44 Missions Act (22 U.S.C. 4301 *et seq.*)
- 45

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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. 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.

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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 and limitations to the tax imposed by this chapter:

1. Sales of non-prepared food.
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. 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, transactions for conversion of negotiable instruments, safe deposit services, escrow collection services, late fees, overdraft fees, and interest charged on past due accounts.
6. 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.
7. Licensed childcare services, and childcare products.

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8. Isolated sales by one individual to another when the seller is not generally engaged in the business of selling the same or similar property.
9. 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.
10. 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.
11. The sale of contracts of insurance.

D. The following sales are not taxable, provided the seller is in possession of a valid certificate of exemption:

1. Sales and purchases by a charitable organization, or a private or parochial school, provided the sale of goods is incidental and all the proceeds of the sale go to the organization and its mission.
2. The sale of goods not sold to the end user of the goods.

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

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

G. The Administration shall establish a Universal Application process allowing households to qualify for Hardship Relief. Households with incomes below the federal level of eighty percent (80%) poverty shall be exempt from the provisions of this sales tax.

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1 **12.80.080 Dedicated sales and use tax trust fund.**
2

3 A. Pursuant to Charter § 14.09, there is established a Dedicated Sales
4 and Use Tax Trust Fund. The Trust Fund is dedicated for the net
5 receipts of the one percent (1%) sales and use tax, after payment
6 of costs of administration, collection and audit to the Municipality.

7
8 1. The Trust Fund shall be invested as prescribed by an
9 investment policy approved by the assembly.

10
11 2. The Trust Fund shall be governed by a board of trustees,
12 appointed by the mayor and confirmed by the Assembly,
13 each of whom shall serve for a term of X years.

14
15 B. Reserved.
16

17 **12.80.090 Obligation for payment of tax; disposition of excess**
18 **collections; liability for uncollected taxes.**
19

20 A. The purchaser is obligated to pay the aggregated sales and use tax
21 under this chapter, and it shall be collected by the seller at the time of
22 the sale transaction or acquisition. The tax rate is applied to the selling
23 price.
24

25 1. If a purchaser produces a certificate of exemption issued by the
26 municipality 12.80 at the time of the sale transaction, the seller
27 shall not collect the tax. The seller shall retain verification of
28 the exempt status of the transaction in its records. If no
29 verification is retained, the seller is liable for the uncollected
30 taxes.
31

32 2. If the purchaser does not produce an exemption certificate
33 issued by the municipality, but the transaction is in fact exempt
34 under federal, state, local or other law, the seller is not liable for
35 the uncollected tax, provided verification of the purchaser's
36 exemption is retained in the seller's records or otherwise readily
37 available and reported to the department.
38

39 3. Any uncollected sales tax under this subsection, which should
40 have been collected, is a liability of the seller.
41

42 4. If the selling price cannot be determined for purposes of
43 calculating the amount of sales and use tax, the fair market
44 value at the time of sale shall be subject to the sales and use
45 tax.

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- 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.
 - D. Any person acquiring an ownership interest in an ongoing business, whether by purchase, foreclosure or otherwise, shall also be liable for the payment of any taxes, penalties, interests, fee or costs owed to the municipality for taxes collected by the former owner or seller of the business.
 - E. The president and any officer, member, manager or agent of a corporation or limited liability company with control of, supervision of, or charged with the responsibility of filing sales and use tax returns or remitting sales and use taxes is personally liable for any unpaid taxes, penalties, interest, fees and costs accruing and unpaid to the municipality. Dissolution of, or sale of, or other change in the form of the corporation or company does not discharge this personal liability.
 - F. The municipality may pursue collection of unpaid and unremitted taxes as provided in this chapter.

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12.80.100 Presumption of taxability; sales price and value.

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- A. To prevent evasion of the aggregated sales and use tax and to aid in its administration, it is presumed:
 - 1. All sales of goods or services by a person engaging in business in the municipality are subject to the tax, unless exempt by this chapter; and
 - 2. All goods or services purchased or sold by any person for delivery into the municipality are purchased or sold for a taxable use in the municipality.

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1 B. For purposes of this section, the sales price or value of property,
2 goods or services shall be determined as of the time of acquisition,
3 introduction into the municipality, or conversion to use, whichever is
4 latest.

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

10
11 **12.80.110 Timely filing allowance, seller reimbursement for**
12 **collection costs.**

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

21
22 B. If the seller is not in full compliance with this chapter, the seller is not
23 eligible for and may not retain the three percent (3%) costs offset.

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

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

34
35
36 **Section 4.** Anchorage Municipal Code chapter 12.25 is hereby amended to read
37 as follows (*the remainder of the chapter is not affected and therefore not set out*):

38
39 **Chapter 12.25 TAX INCREASE LIMITATION**

40
41 *** *** ***

42 **12.25.030 - Ballot information; establishment of baseline.**

43
44 A. *Ballot information.* In the interest of better citizen understanding of the
45 impacts of their approval of special projects and programs, all
46 municipal programs or projects placed on the ballot soliciting voter

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1 approval, except those Municipal Area Projects (MAPs) approved by
2 the voters and listed in chapter 12.80, will include for approval an
3 estimation of operation and maintenance costs for the first full year of
4 operation.

5 *** **
6 (AO No. 84-208(S-A))

7 *** **
8 **12.25.040 - Computation of maximum attainable tax revenue amount.**

9
10 The estimate of maximum attainable tax revenue (next year revenue
11 available) is computed for the next fiscal year according to the following
12 procedures:
13

- 14
15 A. Define the tax increase escalation amount, (L):
16 $L = (T - d - e) \times (1 + C + P)$ where the base amount for calculating the
17 next year's tax increase limit shall be the total amount of the municipal
18 taxes to be collected for the current fiscal year and:
19 1. L is the allowable tax increase due to population and inflation
20 growth factors.
21 2. T is the total amount of:
22 a. Real property and personal property taxes to be
23 collected for the current fiscal year reduced by the
24 amount of 2% sales and use taxes collected in the prior
25 year, if any.
26 b. Municipal payments in-lieu of taxes paid or to be paid by
27 any municipality of Anchorage utility, department,
28 agency, public corporation or authority (MPILT),
29 c. Auto fees, and
30 d. State and federal payments in lieu of taxes levied in the
31 current fiscal year in current-year dollars.

- 32
33 *** **
34
35 B. Define exclusions in accordance with Charter section 14.03(b) and the
36 following guidance:
37 *** **

- 38 8. The gross receipts from the two percent (2%) sales and use
39 tax under chapter 12.80 and authorized by Charter § 14.08,
40 except as required for the calculation under this section.
41 9. The gross receipts of the one percent (1%) sales and use
42 taxes authorized by Charter § 14.09

- 43
44 C. The summation of the amounts defined in subsections A and B defines
45 the total tax revenue that may be collected [AVAILABLE FOR NEXT YEAR'S

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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 5. 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 6. 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:

Municipal Clerk



**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-XXX — AN ORDINANCE OF THE ANCHORAGE**
4 **MUNICIPAL ASSEMBLY PROPOSING A TAX REVENUE DIVERSIFICATION**
5 **MEASURE TO BE SUBMITTED TO THE QUALIFIED VOTERS OF THE**
6 **MUNICIPALITY THAT WOULD ENACT A SALES AND USE TAXES OF THREE**
7 **PERCENT (3%) IN THE AGGREGATE ON THE SALE OF GOODS AND**
8 **SERVICES WITHIN THE MUNICIPALITY, WITH CERTAIN EXEMPTIONS, A**
9 **MAXIMUM TAX AMOUNT PER TRANSACTION, AND REIMBURSEMENT FOR**
10 **THE SELLER’S COLLECTION COSTS, COMPRISED OF A TWO PERCENT (2%)**
11 **TAX DEDICATED FOR THE SOLE PURPOSE OF REDUCING PROPERTY**
12 **TAXES PROPORTIONATELY THROUGHOUT THE MUNICIPALITY WITHIN THE**
13 **“TAX CAP” CALCULATION, AND A ONE PERCENT (1%) TAX OUTSIDE OF**
14 **THE TAX CAP DEDICATED FOR THE PURPOSES OF PAYING COSTS OF**
15 **ADMINISTRATION, COLLECTION AND AUDIT OF THESE SALES AND USE**
16 **TAXES, AND FOR ESTABLISHMENT OF A TRUST FUND TO PAY FOR VOTER**
17 **APPROVED CAPITAL PROJECTS KNOWN AS MUNICIPAL AREA PROJECTS**
18 **(MAPs); PROVIDING FOR A MAPs CITIZENS ADVISORY AND OVERSIGHT**
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 A NEW CHAPTER 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 This proposed Charter amendments authorize the tax levy, dedicate funds to
29 reducing property taxes and to voter approved capital projects, and include several
30 components for public transparency and accountability. Anchorage has recently
31 seen continued and increased outmigration trends, which can be explained by many
32 factors but is directly tied to a perception of quality of life in the Municipality. This
33 proposal, taken in combination with other efforts being generated by Municipal and
34 private entities, aims to improve quality of life for Anchorage residents by reducing
35 the cost of home ownership and investing in meaningful capital enhancements for
36 the long term.

37
38 **Overview**

39
40 This proposed ordinance is comprised of a three percent (3%) aggregated sales
41 and use tax. The proposal includes a 2% sales and use tax dedicated solely to
42 reducing property taxes within the Municipality, which is subject to the Anchorage
43 Tax Increase Limitation (Tax Cap). It also includes a 1% sales and use tax, the net
44 proceeds of which (after the cost of administration, audit and collection) are to be

1 dedicated to funding Municipal Area Projects (MAPs) and related improvements, as
2 well as their lifetime operations, maintenance, security and safety via a Trust
3 account established for this purpose. The 1% sales and use tax is not subject to the
4 Tax Increase Limitation.

5
6 As a revenue diversification measure, this ordinance is anticipated to raise \$180
7 million per year, between the two different sales and use taxes. The 2% sales and
8 use tax dedicated for property tax reduction is anticipated to create a \$120 million
9 decrease in property taxes paid by all property owners in the Municipality, leading,
10 for homeowners, to an estimated ~16% or ~\$265 per \$100,000 of assessed home
11 value or ~\$1,195 per average home valued at ~\$450,000.

12 13 **Public Accountability and Transparency**

14
15 A number of features are described in this draft ordinance, in order to enhance voter
16 trust and accountability while enabling the financing of transformational
17 infrastructure investments for Anchorage.

18
19 The ordinance directs the funds collected for MAPs projects and related
20 improvements, as well as their long term security, operations and maintenance be
21 held separately and invested in a dedicated Sales and Use Tax Trust Fund.

22
23 Additionally, the ordinance calls for the establishment of a MAPs Citizen Advisory
24 and Oversight Board, appointed by the Mayor and confirmed by the Assembly, with
25 the responsibility of overseeing MAPs project development and completion, and
26 authority to recommend periodic re-evaluation of sales tax exempt purchases.

27 28 **Equity and Right-Sizing for Anchorage**

29
30 While sales and use taxes are one of the most commonly used local revenue
31 sources in America, it is important that this measure be tailored to Anchorage's
32 needs. Anchorage is a diverse community and the sponsors of this ordinance have
33 taken a measured approach to implementation, respecting that our population is
34 unique.

35
36 This draft ordinance includes exemptions from taxation for many household
37 necessities, such as rental housing costs, childcare expenses, non-prepared foods,
38 automobile fuel, financial transactions, medical expenses, and more. In addition, the
39 proposal recommends a "hardship relief" component in which the Assembly
40 determine a process whereby Anchorage households with annual income at or
41 below the 80% federal poverty line may apply for exemption from the sales and use
42 tax altogether. Finally, the ordinance recommends a limit on per-transaction sales
43 and use tax, wherein only the first \$1,000 of any purchase may be taxed, resulting
44 in a maximum per-transaction tax of \$30.

45 46 **Administration**

47
48 Recognizing that a sales and use tax represents a substantial change for the
49 Municipality in terms of revenue diversification and administrative process, the

1 sponsors of this proposal have provided a draft implementation ordinance covering
2 many components that will be necessary to address. These include language
3 regarding the process of collecting sales tax revenues under the proposed 2% for
4 property tax relief during one year in order to accurately calculate the level of
5 substitution under the tax cap the following year to offset property taxes, allowances
6 for retailers to receive compensation for their work in collecting and remitting tax,
7 and more.

8
9 It is important to the sponsors of this ordinance that this measure hold harmless the
10 existing Tax Limit Base and does not impede the regular process of Municipal
11 budgeting, should it be enacted and subsequently expire without reauthorization by
12 the voters. Language has been included to ensure this.

13
14 In past, sales tax proposals have been brought before the Assembly, and before
15 Anchorage voters but have failed due to concerns over expansion of the Tax Cap,
16 voter doubt about how revenues will be spent, and other questions of transparency.
17 We believe that this proposal clarifies the importance of reducing property taxes
18 while maintaining and defending the Tax Cap. We also see the immense value in
19 taking steps to invest in public infrastructure so Anchorage can grow and thrive.

20
21 We request your support for AO 2024-XXX, a limited term sales and use tax
22 dedicated for reducing property taxes and funding voter approved capital investment
23 projects along with their operations, security and maintenance.

24
25
26 Respectfully submitted:

27
28 Randy Sulte, Assembly Member
29 District 6 – South Anchorage, Girdwood and Turnagain Arm

30
31 Felix Rivera, Assembly Member
32 District 4 – Midtown