



Municipality of Anchorage

Joint Meeting of Anchorage Assembly and Anchorage School Board

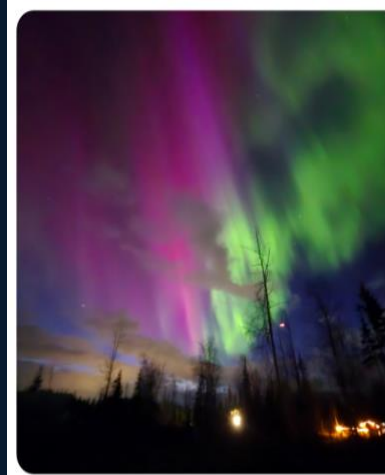
Understanding Anchorage's Tax Cap: History & Impacts to MOA and ASD Budgets

Presented by:

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What is the tax cap?

Anchorage's tax cap is a charter-mandated limit on the total amount of property tax revenue the municipality can collect each year. The tax cap is a ceiling on overall collections, not a limit on individual tax bills.

I			
I	PROPOSITION 24 AREA WIDE	100.0	I
I	TAX LIMIT INITIATIVE	89/89	I
I			I
I	YES	18321	57.6 I
I	NO	13437	42.3 I
I	BLANK VOTES / BALLOTS	379	1.1 I
I	OVER VOTES / BALLOTS	5	0.0 I
I			I

MUNICIPAL BUDGET IN BRIEF (IN MILLIONS OF DOLLARS)			
REVENUES FROM:	1983	1984 PROPOSED BEFORE TAX LIMIT	1984 PROPOSED AFTER TAX LIMIT
LOCAL PROPERTY TAXES	\$49.4	\$77.6	\$60.2
OTHER LOCAL SOURCES*	\$58.6	\$52.9	\$51.6
STATE GOVERNMENT	\$66.4	\$52.7	\$52.7
FEDERAL GOVERNMENT	\$19.1	\$16.6	\$16.6
BUDGET OUTLAY	\$193.5	\$199.8	\$181.1

* Includes user fees, charges to utilities, fund balances

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Anchorage Daily News/Stephanie Morehouse, Steph LaFleur



What is the MOA Tax Cap?



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

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

Components:

Taxes included in the tax cap:

- Real and Personal property taxes
- Auto tax
- Tobacco tax
- Motor Vehicle Rental tax
- Fuel Excise tax
- PILT (State/Federal payments)
- MUSA/MESA (Municipal payments)

Other adjustment variables:

- 5-year rolling average CPI (inflation)
- 5-year rolling average MOA population
- Voter-approved bonds and ballot measures
- New construction
- Judgments/Legal settlements
- Debt service
- Emergency Ordinances

2026 1Q MOA Tax Cap Detail

17					17	
18	Tax Limit Base (before Adjustment for Population and CPI)		359,148,860		373,868,687	18
19						19
20	<u>Step 3: Adjust for Population, Inflation</u>					20
21	Population 5 Year Average	-0.30%	(1,077,450)	-0.10%	(373,870)	21
22	Change in Consumer Price Index 5 Year Average	3.10%	11,133,610	3.80%	14,207,010	22
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27	<u>Step 4: Add Taxes for Current Year Items Not Subject to Tax Limit</u>					27
28	New Construction		2,636,544		2,317,189	28
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32	Debt Service		57,808,888		50,590,241	32
33	Emergency Ordinances		1,163,496		-	33
34	Step 4 Total		68,852,928		60,856,298	34
35						35
36	Limit on ALL Taxes that can be collected		438,057,948		448,558,125	36

Key Notes

- Population and CPI impacts: tax cap follows trend up or down (5-year average).
- Judgements/Legal settlements recovery: \$ (one-time).
- Voter approved bond and ballot measures.



What is the ASD Tax Cap?

Anchorage School District
Fiscal Year 2026-2027

COMPUTATION OF MUNICIPAL PROPERTY TAX LIMITATION

		<u>Charter Limit</u>
Taxes Projected – Anchorage School District FY 2025-2026		\$ 267,342,224
Less: Prior Year Taxes Required for Debt Service		<u>28,907,739</u>
Net Taxes Approved for General and Transportation Funds		238,434,485
<u>Allowable Growth Factors</u>		
Population – 5 year Average	-0.3%	
CPI – 5 average year Anchorage Urban	<u>3.1%</u>	
	2.8%	<u>6,676,166</u>
Basic Tax Limitation		245,110,651
<u>Plus Exclusions:</u>		
Judgments/Legal Settlements		-
Taxes for Operations and Maintenance on New Voter Approved Facilities		-
Taxes Requested on New Construction/Property Improvements		<u>3,015,065</u> [1]
Tax Limitation – General Fund		248,125,716
Taxes Requested for Debt Service		<u>34,852,970</u>
Tax Limitation FY 2026-2027		282,978,686
General and Transportation Funds	248,125,716	
Debt Service Fund	<u>34,852,970</u>	
Taxes Projected in Financial Plan – FY 2026-2027		<u>282,978,686</u>
Amount Over (Under) as allowed by the Property Tax Cap Limitation under the MOA Charter		<u>\$ -</u>

[1] New construction amount taken from the Municipality of Anchorage's 2026 Proposed General Government Operating Budget.

Appendix E

Components:

Taxes included in the tax cap:

- No other taxes included in ASD tax cap

Other adjustment variables:

- 5-year rolling average CPI (inflation)
- 5-year rolling average MOA population
- Voter-approved bonds and ballot measures
- New construction



FY 2026-2027 ASD Tax Cap Detail

Net Taxes Approved for General and Transportation Funds		238,434,485
<u>Allowable Growth Factors</u>		
Population – 5 year Average	-0.3%	
CPI – 5 average year Anchorage Urban	3.1%	
	<u>2.8%</u>	<u>6,676,166</u>
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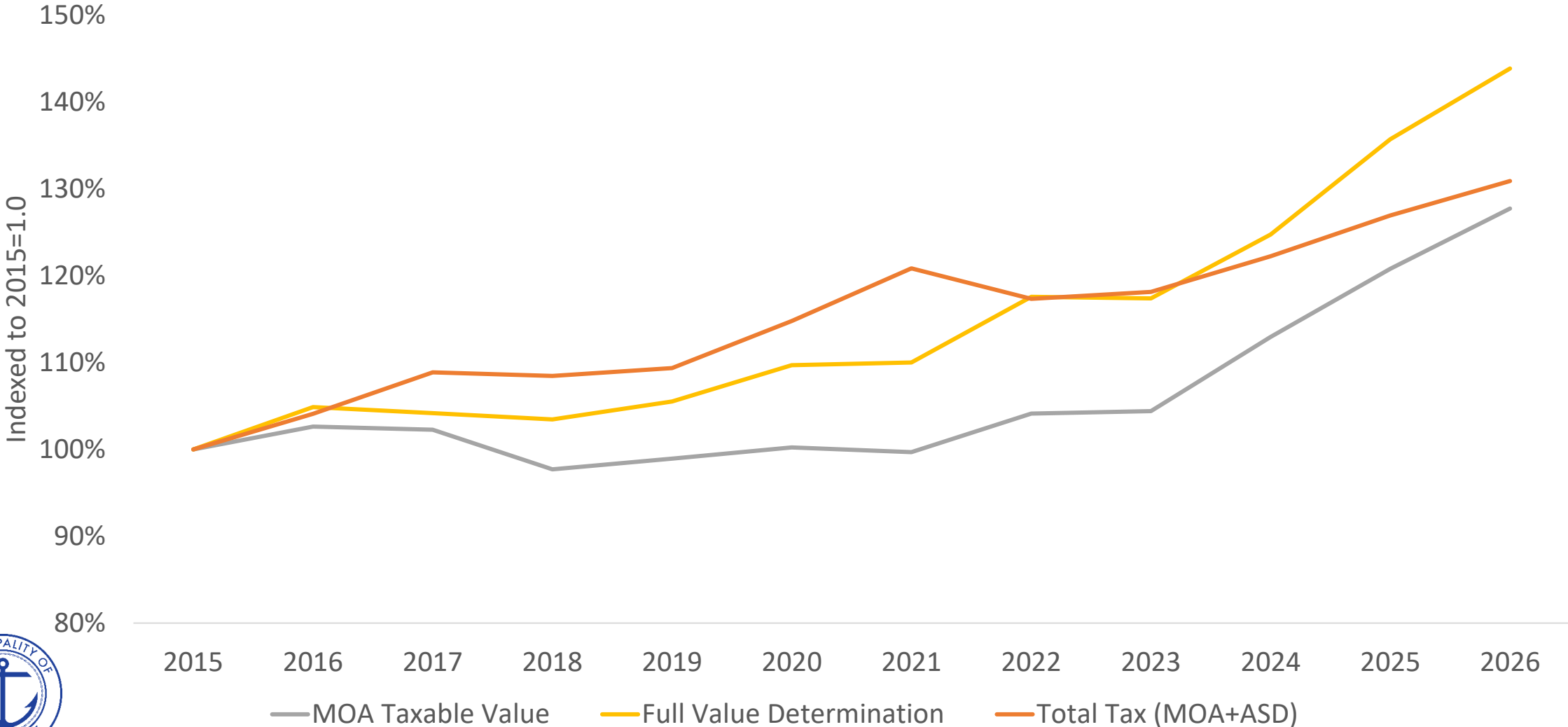
Key Notes

- The ASD tax cap limit doesn't grow by the same amount as the MOA limit.
- Population and CPI impacts: tax cap follows trend up or down (5-year average).
- MOA & ASD use a different property valuation total (total assessed value) than SOA (full value determination) as formula inputs.



Assessed Taxable Value (MOA) vs. Full Value Determination (SOA) vs. Total Property Tax levied under cap (MOA+ASD)

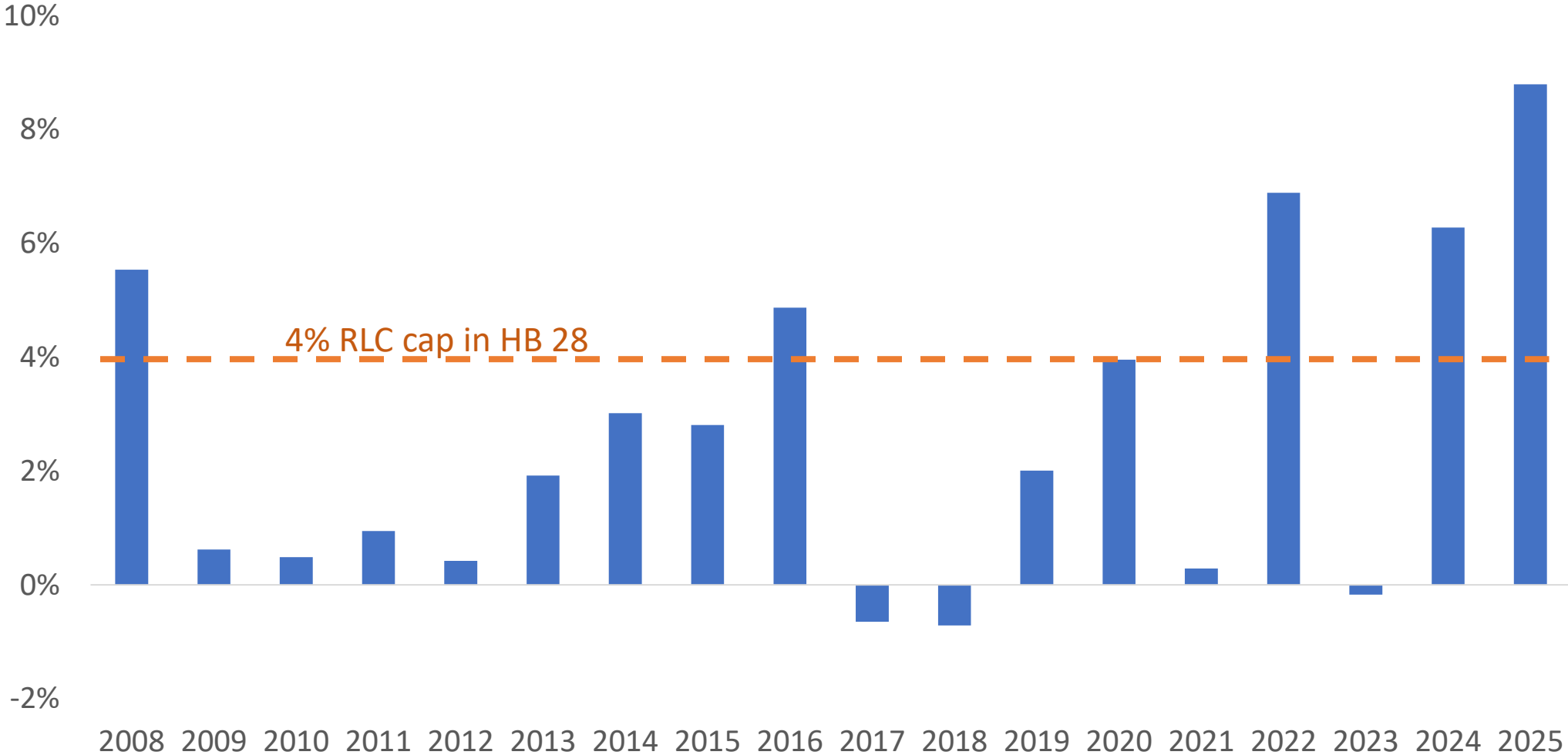
Valuation Growth Outstrips Revenues



State of Alaska

Full Value Determination Annual Adjustments

State FVD, % Change from Prior Year



Thank You

Office of Management & Budget (OMB)

Budgets and other info available at: muni.org/Departments/budget

