



# ALCOHOL TAX

## Overview

Before Anchorage voters passed the alcohol tax in 2020, municipal and state services for violence prevention, homelessness, mental health, and public safety were at a breaking point. Community members demanded effective local solutions, with a steady funding stream for programs to prevent and address the problems associated with substance misuse and the municipality's lack of mental and behavioral health services.

With the approval of Proposition 13 in April 2020, authorizing a 5% sales tax on the retail sales of alcoholic beverages, our city has made a commitment to try a new approach for how our community responds to the emergencies today, and how it commits to long-term well-being of future generations in Anchorage.

## What can Alcohol Tax revenues be spent on?

From the Proposition 13 ballot language, proceeds from the alcohol tax must be dedicated to:

1. Funding for police, related criminal justice personnel, and first responders;
2. Funding to combat and address child abuse, sexual assault, and domestic violence; and
3. Funding for substance misuse treatment, prevention programs, detoxification or long-term addiction recovery facilities, mental and behavioral health programs, and resources to prevent and address Anchorage's homelessness crisis;
4. Costs of administration, collection and audit to the municipality to administer the tax.

## How are the funding allocations determined?

After the passage of the alcohol tax in April 2020, the Anchorage Assembly engaged the community with town halls, worksessions and committee meetings to decide how to invest these new funds. Many nonprofits and community members participated to help shape the future of the program. Throughout these conversations, it was clear that funds should be used not just to address the end results of substance misuse, but to make a serious investment in prevention and to address inequities that limit opportunities for people to succeed in our city. Every year, the Mayor's Office prepares a draft alcohol tax budget as part of the annual budget cycle in the fall and the Assembly may make amendments. The budget is typically passed in November for the upcoming calendar year.

## Additional Resources

- **Overview:** [www.muni.org/Departments/finance/treasury/programtaxes/Alcoholtax](http://www.muni.org/Departments/finance/treasury/programtaxes/Alcoholtax)
- **Community priorities:** <https://recoveryalaska.org/anchorage-alcohol-tax-theory-of-positive-change/>
- **2021 alcohol tax revenues:**  
[www.muni.org/Departments/finance/treasury/programtaxes/AlcoholTax/Documents/Alcohol%20Tax%20Summaries%20for%20Web%20Site%202021.pdf](http://www.muni.org/Departments/finance/treasury/programtaxes/AlcoholTax/Documents/Alcohol%20Tax%20Summaries%20for%20Web%20Site%202021.pdf)
- The requirements and procedures for the administration, collection, and enforcement of the tax are outlined in a new Municipal Code Chapter (AMC) 12.65 Alcoholic Beverages Retail Sales Tax.



# How Are the Municipality's Alcohol Tax Funds Spent?

## How much funding comes through the alcohol tax?

**Year 1 (2021):** \$13.2 million (program began Feb. 2021, only 11 months collected)

**Year 2 (2022):** \$14 to \$15 million

<b>2022 Alcohol Tax Budget by Focus Area</b>	
<b>Combatting Child Abuse, Sexual Assault and Domestic Violence</b> <ul style="list-style-type: none"> <li>• Early education grants*</li> <li>• Evidenced-based grants to prevention programs</li> <li>• Early literacy specialist at Library*</li> </ul>	<b>\$4,413,952</b>
<b>Homelessness, Mental Health and Substance Misuse</b> <ul style="list-style-type: none"> <li>• Home for Good housing program*</li> <li>• Overnight shelter for 150 individuals; Day engagement/shelter operations</li> <li>• Healthy Spaces camp abatement and storage program</li> <li>• Library Community Resource Coordinators*</li> </ul>	<b>\$6,898,404</b>
<b>Public Safety and Criminal Justice</b> <ul style="list-style-type: none"> <li>• Mental Health First Responders at Fire Department*</li> <li>• Continuation of new MOA Prosecutor and clerk</li> <li>• Continuation of new Police crime analysts, dispatchers and technicians</li> </ul>	<b>\$2,385,748</b>
<b>Administration, Collection and Audits</b> <ul style="list-style-type: none"> <li>• Tax enforcement staff to collect alcohol taxes</li> <li>• Education program for vendors</li> <li>• Office of Equity and Justice*</li> </ul>	<b>\$487,020</b>
<b>TOTAL</b>	<b>\$14,185,124</b>

<b>2021 Alcohol Tax Budget by Focus Area</b>	
<b>Combatting Child Abuse, Sexual Assault and Domestic Violence</b> <ul style="list-style-type: none"> <li>• Early education grants*</li> <li>• Evidenced-based grants to prevention programs</li> <li>• Early literacy specialist at Library*</li> </ul>	<b>\$4,153,204</b>
<b>Homelessness, Mental Health and Substance Misuse</b> <ul style="list-style-type: none"> <li>• Pay for Success housing program*</li> <li>• Overnight shelter for 150 individuals</li> <li>• Healthy Spaces camp abatement and storage program</li> <li>• Day engagement/shelter operations</li> </ul>	<b>\$4,588,321</b>
<b>Public Safety and Criminal Justice</b> <ul style="list-style-type: none"> <li>• Mental Health First Responders at Fire Department*</li> <li>• Additional MOA Prosecutor and clerk</li> <li>• 5 new Police Department staff: crime analysts, dispatchers and technicians</li> </ul>	<b>\$2,475,532</b>
<b>Administration, Collection and Audits</b> <ul style="list-style-type: none"> <li>• Tax enforcement staff to collect alcohol taxes</li> <li>• Education program for vendors</li> <li>• Office of Equity and Justice*</li> </ul>	<b>\$351,590</b>
<b>TOTAL</b>	<b>\$11,568,647</b>

\*Long-term/upstream programs