

**ANCHORAGE, ALASKA**  
**AO No. 2025-96**

**AN ORDINANCE OF THE ANCHORAGE ASSEMBLY SUBMITTING TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION AMENDING THE HOME RULE CHARTER TO AUTHORIZE A 1% SALES TAX, TO FUND THE “PENNY FOR PROGRESS” STRATEGIC INVESTMENT PROGRAM.**

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**WHEREAS**, Anchorage faces a critical decision point—to invest in essential public systems that drive economic and social progress, or to continue a downward cycle of deferred maintenance, unsafe infrastructure, and stagnant housing supply; and

**WHEREAS**, the Municipality’s current fiscal model is structurally imbalanced, unable to sustain necessary upgrades to roads, sidewalks, housing, and behavioral health support without sacrificing other core services; and

**WHEREAS**, a locally generated, voter-approved sales tax offers Anchorage a powerful tool to directly fund high-impact capital investments—without relying on unpredictable federal subsidies or creating exemptions that distort equity; and

**WHEREAS**, the Penny for Progress Strategic Investment Program proposes a 1% sales tax, with no exemptions except those required by state/federal law, levied on all transactions within Anchorage and split evenly into three dedicated investment categories:

1. Stackable Return on Investment(ROI) Infrastructure: Including road, sidewalk, utility, lighting, and snow systems improvements, built around a measurable return-on-investment framework;
2. Workforce Housing Trust: To accelerate the 10,000 Homes Strategy by building and preserving housing at 60–120% of the Department Housing and Urban Development Fair Market Rate in high-priority development zones;
3. Behavioral & Mental Health Stabilization: Targeted investments in facilities, crisis response, and supportive systems that reduce reliance on emergency services and improve community well-being; and

**WHEREAS**, the Penny for Progress values transparency and accountability, establishing public safeguards such as an online dashboard, citizen oversight, and a 5-year review process to track impacts, outcomes, and spending efficiency; and

**WHEREAS**, this value-driven plan aligns with Anchorage’s core economic development principles:

- Economic Truth: Honest accounting of needs, risks, and limitations;
- Stackable ROI: Every dollar spent must generate multiple, reinforcing benefits;
- Preemptive Resiliency: Invest ahead of crisis, not behind it;

- Equity & Opportunity: Ensure fair access to housing, safety, and services; and

**WHEREAS**, the Penny for Progress is not a spending package, but a city-building strategy—designed to move Anchorage from overextension to high-performance, from crisis response to strategic readiness, and from stagnation to smart, steady growth; now, therefore

**THE ANCHORAGE ASSEMBLY ORDAINS:**

**Section 1.** Pursuant to state law and the Anchorage Municipal Charter, a ballot proposition in substantially the following form shall be placed on the ballot and submitted to the qualified voters of the Municipality at the next regular municipal election on April 7, 2026.

**PROPOSITION NO. \_\_\_\_**

**CHARTER AMENDMENT TO AUTHORIZE A 1% SALES TAX TO FUND THE PENNY FOR PROGRESS STRATEGIC INVESTMENT PROGRAM.**

The proposed Charter Amendment and Assembly Ordinance 2025-\_\_\_\_ would authorize and enact a one percent (1%) sales tax on the sale of goods and services within the Municipality of Anchorage, with limited exemptions only as required by state or federal law.

Shall the Anchorage Municipal Charter be amended by adding the following new section to Article XIV:

**Section 14.08 Sales tax for the “Penny for Progress” strategic investment program.**

- (a) The assembly is hereby authorized to levy, to the extent provided by law, a one percent (1 %) tax on the sale of goods and services within the municipality. The levy shall be imposed no later than October 1, 2027.
- (b) The net receipts from the tax levied under this section, after payment of the costs of tax administration, collection and audit to the municipality, shall be for the “Penny for Progress” strategic investment program, and equally allocated towards three separate funds dedicated and available to use only for the following purposes:
  - (1) Infrastructure development and improvement including, but not limited to, construction, maintenance, repair, and improvements to streets, roads, sidewalks, underground utility infrastructure, public lighting and safety, as well as maintenance and operations for snow removal, storage, or disposal;

- (2) Direct investments in workforce and low-income housing construction, development, maintenance, rehabilitation, and preservation; and
  - (3) Targeted investments in behavioral and mental health facilities, crisis response, and supportive systems that reduce reliance on emergency services and improve community well-being.
- (c) The assembly shall establish by ordinance the following:
- (1) A dedicated infrastructure investment fund, a dedicated workforce housing trust fund, and a dedicated behavioral and mental health stabilization trust fund. The appropriations from each shall be restricted to eligible project investments and capital improvements authorized in subsection (b) above;
  - (2) Procedures and requirements for public reporting, financial auditing, five-year program review, and the creation of a citizen oversight committee; and
  - (3) Such additional provisions, not inconsistent with this section, as necessary or desirable to implement this section.
- (d) The assembly may prescribe exemptions to the tax imposed by this section by ordinance only to the extent required by state or federal law.

And amending Anchorage Municipal Charter Article II (4), Charter § 14.01(b) and Charter § 14.03(b) as follows (additions shown in underline and bold, deletions indicated by ~~[brackets, strikeouts in bold]~~):

## 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 ( $\frac{3}{5}$ ) of the qualified voters voting on the question 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.

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**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, and § 14.08 shall be effective if approved by a majority (50 percent + one) of the qualified voters voting on the question.

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**Section 14.03. Tax increase limitation.**

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- (b) The limitations set forth in subsection (a) do not apply to the following:
- (1) Taxes on new construction or property improvements which occur during the current fiscal year.
  - (2) Taxes required to fund additional services mandated by voter 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 2022.

**(7) Taxes imposed pursuant to Charter § 14.08.**

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If approved by more than 50% of the qualified voters voting on the question at the April 7, 2026 Regular Election, the Charter amendments will become effective 30 days after certification of the election, and the sales tax levy will become effective no later than October 1, 2027, with the date of initial levy to be established by the Anchorage Assembly by ordinance.

Shall the Charter be amended as shown above and become law, authorizing a 1% sales tax dedicated to certain purposes?

YES [ ] NO [ ]

**Section 2.** The full text of Section 1 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 3.** The Charter amendments set forth in the proposition in Section 1 of this ordinance shall become effective 30 days after certification of the election, 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 7, 2026. The remainder of this ordinance shall be effective upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

\_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Municipal Clerk



**LAI-ON-THE-TABLE**  
**MUNICIPALITY OF ANCHORAGE**  
**ASSEMBLY MEMORANDUM**

No. AM XXX-2025

Meeting Date: \_\_\_\_\_, 2025

**From: Assembly Member Martinez**

**Subject: AN ORDINANCE OF THE ANCHORAGE ASSEMBLY SUBMITTING TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION AMENDING THE HOME RULE CHARTER TO AUTHORIZE A 1% SALES TAX, TO FUND THE "PENNY FOR PROGRESS" STRATEGIC INVESTMENT PROGRAM.**

Anchorage's current fiscal model is insufficient to meet long-term capital needs. The proposed ordinance would put before the qualified voters of the Municipality a ballot measure for the April 7, 2026 regular election that would amend the Anchorage Home Rule Charter to authorize a 1% sales tax. This tax would fund the "Penny for Progress" Strategic Investment Program, a city-building initiative aimed at addressing Anchorage's infrastructure, housing, and behavioral health needs.

The Penny for Progress initiative is designed to:

- Generate stackable returns on investment
- Promote economic resilience and equity
- Reduce dependence on federal subsidies
- Provide transparent, accountable funding for critical public systems

Central to the Penny for Progress program would be a 1% sales tax on goods and services sold within the Municipality of Anchorage, with exemptions only as required by state or federal law.

The net proceeds of the tax (after administrative costs) will be equally divided among three dedicated funds:

1. Infrastructure Investment Fund – Maintenance, repair, and expansion of roads, sidewalks, utilities, lighting, and snow systems.
2. Workforce Housing Trust – Development and preservation of housing for residents earning 60–120% of Area Median Income.
3. Behavioral & Mental Health Stabilization Fund – Facilities and systems to reduce emergency service reliance and improve community well-being.

In furtherance of achieving transparency and oversight, the Assembly will enact by ordinance public reporting and financial auditing requirements, a five-year program review, and establish a citizen oversight committee.

If approved by a majority of voters, the Charter amendments will take effect 30 days after election certification. The tax levy would begin no later than October 1, 2027,

1 with the exact date set by ordinance.  
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5 **I request your support for the ordinance.**  
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7 Prepared by: Assembly Counsel's Office  
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9 Respectfully submitted: George Martinez, Assembly Member  
10 District 5 – East Anchorage  
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