

ANCHORAGE, ALASKA
AR No. 2025-265, As Amended

**A RESOLUTION OF THE ANCHORAGE ASSEMBLY SETTING POLICY
PRIORITIES FOR THE FISCAL YEAR 2026 MUNICIPAL BUDGET**

WHEREAS, the Anchorage Assembly is the Municipality's appropriating body and approves the annual municipal budget; and

WHEREAS, the LaFrance a[Administration published the 2026 Preliminary Data - 120 Day Memo on August 29, 2025, projecting essentially flat revenue overall from non-property tax sources in 2026: a modest reduction in room tax, a projected \$5.8 million loss in state and federal revenue which includes \$3 million less in State Community Assistance grants; and

WHEREAS, the 120 Day Memo includes a preliminary tax limit calculation, which includes assumptions of net-zero population growth (0.0% 5-year average) and 3.7% inflation (5-year average); and

WHEREAS, the most recent Business Confidence Index report¹ compiled by the Anchorage Economic Development Corporation (AEDC) in August 2025 indicates growing concern about the local economic impacts of national trade and policy decisions, particularly reduction of federal spending and impacts of tariffs on supply chain and consumer goods, as well as a report earlier this year from Visit Anchorage that the travel and hospitality industries are seeing headwinds for visitor numbers in 2025, which impacts room and vehicle rentals as well as overall sales²; and

WHEREAS, a positive economic indicator is new housing construction, with a projected increase in 2025 of multi-family housing development compared to previous years, potentially reversing a several-year trend of low housing production. This change in the trend is due in significant part to policy changes enacted in local land use, zoning, and tax incentive policy to encourage building and remove barriers to seeing projects successfully completed. New housing units grow the Municipality's tax base, which means new residents and taxpayers to share the cost of operating public services; and

WHEREAS, multiple reports by the Administration and individual departments of current staffing levels and trends in 2025 indicate that as a result of sustained and intentional recruiting, employee engagement, internal process improvements, and policy decisions, the Municipality's workforce has overall made significant

¹ AEDC Business Confidence Index Survey Report, August 2025 <https://aedcweb.com/wp-content/uploads/2025/08/2025-BCI-Report.pdf>

² Visit Anchorage, Annual Update to the Assembly, March 2025
<https://www.muni.org/Departments/Assembly/Documents/Visit%20Anchorage%20March%202025%20Assembly%20Report.pdf>

1 improvement on vacancy rates and unfilled positions.³ Reducing vacancies through
2 recruitment and retention strategies has reduced negative impacts on public
3 services, and allowed many departments to resume functioning as intended, such
4 as filling key vacancies in the Health Department or the rebuilding of the Municipal
5 Prosecutor's office, which had been necessitating hundreds of case dismissals⁴; and
6

7 **WHEREAS**, even with the success of these efforts, the Municipality continues to
8 face challenges meeting public expectations, from persistent vacancies in some
9 functions such as emergency response dispatch personnel, to increased costs of
10 supplies and equipment due to inflation and supply chain disruptions that put further
11 strain on limited budgets; and
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13 **WHEREAS**, in 2023 the Anchorage Fire Department was awarded a Staffing for
14 Adequate Fire and Emergency Response (SAFER) grant, from FEMA, which
15 provides funding for 18 firefighter positions from February 2023, through February
16 22, 2026, which allows AFD to staff fire trucks at 4 per vehicle, an industry standard
17 in fire protection and response. The grant required a 5% match for three years, a
18 total of \$10.3 million including match funds, with the expectation that these positions
19 would continue (including 5% match) over three years. The estimated cost of
20 continuing to fund these positions through the end of 2026 when the grant
21 terminates in February is \$2.65 million; and
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23 **WHEREAS**, the Alaska Legislature on August 2, 2025, overrode the Governor's
24 FY26 budget veto that was a funding reduction of \$200 per student for the base
25 student allocation, a total of \$50 million in state funding, and restored state formula
26 funding for schools to \$700 per student. However, the Legislature did not override
27 the Governor's veto of \$25 million from the school major maintenance grant fund,
28 resulting in \$6 million less funding for Anchorage School District facilities⁵; and
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30 **WHEREAS**, the tax capacity limit calculation or "tax cap" is established in the
31 Charter (Section 14.03) and code (AMC 12.25.040), and was designed to limit the
32 annual limit on total taxes collected, as well as total property taxes collected, with a
33 formula based on the prior year's limit, adjustments for population growth (or
34 decline), average inflation, and amount of new construction; and
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36 **WHEREAS**, the tax cap formula is also designed to automatically "ratchet down" or
37 permanently reduce the limit in future years if tax capacity is not fully utilized,

³ Updates provided from Mayor's office, and multiple departments during committee meetings in 2025. Press release: "Mayor LaFrance celebrates accomplishments from year one in office," July 1, 2025.

<https://www.muni.org/Departments/Mayor/PressReleases/Pages/Mayor-LaFrance-celebrates-accomplishments-from-year-one-in-office.aspx>

⁴ Press release, "Mayor LaFrance rebuilds Municipal Prosecutor's Office to restore public safety," July 8, 2025. <https://www.muni.org/Departments/Mayor/PressReleases/Pages/Mayor-LaFrance-rebuilds-Municipal-Prosecutors-Office-to-restore-public-safety.aspx>

⁵ Anchorage Daily News, "Gov. Dunleavy vetoes \$51M in school formula funding from budget," June 12, 2025. <https://www.adn.com/politics/2025/06/12/gov-dunleavy-vetoes-51m-school-funding-from-budget/>
Alaska Department of Education and Early Development (DEED), FY2026 Capital Improvement Projects, Major Maintenance Grant Fund List, updated 1/7/2025. Anchorage School District has 10 projects on the priority list, including #5 King Tech High School Roof Replacement (total cost \$3.89M, State share \$2.49M) and #8 Service High School Safety Improvements (total cost \$5.46M, State share \$3.55M) List: <https://education.alaska.gov/Facilities/final/FY26MaintenanceFinalList.pdf>

1 resulting in an annual policy choice to permanently cut the Municipality's operating
2 budget, or instead adopt a "use it or lose it" budget policy to maintain adequate
3 funding for public services year over year; and

4 **WHEREAS**, in 2023 voters approved an increase to the residential property tax
5 exemption to \$75,000 from \$50,000 as a result of state law change, reducing
6 property tax burden for owner-occupied properties; and

7
8 **WHEREAS**, in 2025 the Assembly approved an increase to the business personal
9 property tax exemption to \$100,000 from \$20,000, reducing the tax burden of many
10 small local businesses whose trade requires significant investment in inventory, real
11 estate, and/or equipment; and

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13 **WHEREAS**, property owners continue to experience increasing tax bills, even as
14 property tax mill rates have remained steady in recent years, with the average
15 assessed value for a single-family home increasing by 21% in the last 5 years and
16 average assessment for a commercial property increasing 2% in the same period,
17 tracking with steep increases in market values and limited supply of inventory; and

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19 **WHEREAS**, the Assembly maintains a set of policy priorities and workplan, updated
20 annually to reflect shared priorities of members, with the most recent progress report
21 and workplan adopted in February 2025 (AR 2025-64); and

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23 **WHEREAS**, the Assembly has also adopted several plans and policy positions
24 regarding key priority areas, including the Housing Action Plan in December 2023
25 (AR 2023-304 as Amended), Policy Guidance for Anchorage's Alcohol Tax and
26 Alcohol Tax Strategic Plan in September 2024 (AR 2024-278 as Amended); and

27
28 **WHEREAS**, through multiple administrations, Assembly action on prior municipal
29 budgets has ensured the Municipality continues to adequately funds core public
30 services and find opportunities in strategic investments to improve the community;
31 now, therefore

32 33 **THE ANCHORAGE ASSEMBLY RESOLVES:**

34
35 **Section 1.** The Assembly recommends a continuation budget approach for FY
36 2026, with the following policy positions:

- 37 1. Maintain adequate levels for core municipal services.
- 38 2. Ensure a fiscally responsible approach which balances the needs and
39 expectations of Anchorage residents with the tax impacts to property owners.
- 40 3. Grow a strong municipal workforce by continuing efforts to recruit and retain
41 municipal employees. Continue to fill vacant positions.
- 42 4. Focus on building and maintaining affordable housing in the community. The
43 Administration is encouraged to consider potential funding opportunities,
44 particularly one-time capital investments, in support of housing.
- 45 5. Continue to build up an integrated model for key public safety programs to
46 respond to behavioral health crises, such as the AFD Mobile Crisis Team and
47 APD Mobile Intervention Team, with a goal of 24/7 operations. Explore ways
48 to fully operationalize these programs to free up resources within the Alcohol
49 Tax, such as utilizing SEMT funds and billable Medicaid services.

6. Support mental health care resources locally.
7. Explore opportunities that would enhance public transportation, including funding to support operations during Municipal Holidays.
8. Explore diversification of revenue and ensure that revenues collected have a maximum benefit for Anchorage residents. Consider past Assembly policy guidance, such as the Economic Development Framework outlined by AR No. 2025-159 and the addition of population density as a high priority consideration for capital improvements, as provided in AR No. 2024-323(S), As Amended.
9. Carefully contemplate when to use existing or acquire new municipal facilities versus entering into various leases, balancing responsible utilization of assets already owned by the MOA with future maintenance costs. Likewise, consider which services might be most efficiently provided by an existing or expanded municipal workforce versus contractors.
10. Refer to the Assembly adopted Alcohol Tax Strategic Plan as a decision-making guide for appropriations via the Alcohol Tax. Seek opportunities to support and catalyze community partner projects which can readily demonstrate securing funding already secured from other sources besides Municipal funds.
11. Take the long view. Plan for the future and anticipate future maintenance needs or other ongoing costs when considering which projects to support.

Section 2. This resolution shall be effective immediately upon passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 9th day of September, 2025.

Christopher Constant

Chair

ATTEST:

Janie Lum

Municipal Clerk