

**ANCHORAGE, ALASKA**  
**AO No. 2022-17(S-2), As Amended**

1 AN ORDINANCE SUBMITTING TO THE QUALIFIED VOTERS OF THE  
2 MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION AMENDING THE  
3 ANCHORAGE MUNICIPAL CHARTER TO SUPPORT AND ADVANCE ~~[EARLY]~~  
4 CHILD~~[HOOD]~~ CARE AND EARLY EDUCATION, DEDICATE THE NET  
5 PROCEEDS OF THE CURRENT RETAIL MARIJUANA SALES TAX TO THIS  
6 PURPOSE, ~~[AND]~~ EXCEPTING THE MARIJUANA TAX FROM THE TAX  
7 INCREASE LIMITATION (“TAX CAP”), AND LOWERING THE TAX CAP ONE  
8 TIME FOR 2024 BY THREE MILLION DOLLARS (\$3,000,000).

9  
10 **THE ANCHORAGE ASSEMBLY ORDAINS:**

11  
12 **Section 1.** Pursuant to state law and the Anchorage Municipal Charter, a ballot  
13 proposition in substantially the form and substance as set forth in Section 2 below  
14 with proposed amendments to the Charter shall be submitted to the qualified voters  
15 of the Municipality at the next regular election to be held April 4, 2023 ~~[5, 2022]~~.

16  
17 **Section 2.** The following proposition shall be presented to the voters (*NOTE: in*  
18 *this S-2 version, the proposition text is rewritten and presented without markup*  
19 *showing changes from the original AO, (S), and (S-1) versions, but only shows*  
20 *markup in accordance with Charter § 18.03. The prior S-1 proposition text follows*  
21 *and is deleted from this ordinance):*

22  
23 **PROPOSITION NO. \_\_\_**  
24 **Charter Amendment**  
25 **Dedicating Marijuana Tax for Child Care and Early Education**

26  
27 This proposition would establish dedicated funding for child care and early  
28 education, an Accountability Board of Child Care and Early Education,  
29 dedicate the net retail marijuana sales tax revenues to this board’s budgeted  
30 activities, and move the marijuana sales taxes from under the tax increase  
31 limitation (“tax cap”) calculation to be above the tax cap and lower the tax cap  
32 one time by one ~~[three]~~ million dollars in 2024.

33  
34 The proposition would amend the Anchorage Municipal Charter by adding  
35 the following new section to Article VI:

36  
37 **Section 6.06. Dedicating retail marijuana sales tax net proceeds and**  
38 **the Accountability Board of Child Care and Early Education**

- 39  
40 (a) **Dedicated retail marijuana sales tax net proceeds.** The net  
41 proceeds of the retail marijuana sales tax shall be dedicated to:  
42 (1) Creating access to child care and early education programs  
43 for the residents of Anchorage including foster children;

- 1 (2) Provide funding for reading programs for child care and early
- 2 education programs;
- 3 (3) Provide resources to increase funding, livable wages, training
- 4 and staffing for child care and early education programs; and
- 5 (4) Prioritize the utilization of existing school district facilities that
- 6 are closed, scheduled to be closed, or underutilized for use for
- 7 child care and early education programs, as long as they are
- 8 economically feasible, before other facilities are considered for
- 9 the use of these funds.

10  
11 (b) **Accountability Board of Child Care and Early Education;**  
12 **Composition and Purpose.**

13 There is established an accountability board of child care and early  
14 education appointed by the mayor and confirmed by the assembly.  
15 The assembly shall establish by ordinance the board's responsibilities,  
16 composition and operation. The board's mission and activities shall  
17 be for the purpose of supporting and advancing child care and early  
18 education in Anchorage. No board member may serve in any elected  
19 office, except on a service area board established pursuant to section  
20 9.01 of this Charter. **The board shall advise the assembly and**  
21 **administration.**

22  
23 (c) **Budget and Funding.**

24 The board shall have a separate budget within the annual municipal  
25 budget and it shall be subject to Charter sections 13.03 through 13.08.  
26 The board shall prepare a proposed budget and submit it to the mayor  
27 and a copy to the assembly at least 120 days before the end of the  
28 municipal fiscal year. The budget may provide for investment of funds  
29 for use on capital projects or capital programs in future years. The  
30 mayor shall submit a proposed budget from the board to the assembly,  
31 and it shall be considered and approved separately from the municipal  
32 budget. The mayor shall describe any changes made to the budget  
33 proposed from the board in a report accompanying the mayor's  
34 proposed budget. The assembly shall establish a tax rate at a level  
35 sufficient for the approved budget and in accordance with Charter §  
36 14.06. The funding provided under this section shall not duplicate  
37 existing funding under Charter § 14.07(b) but may be complementary.

38  
39 (d) **Expenditures and Administrative Limit.**

40 The board may support and advance child care and early education in  
41 Anchorage in any manner not prohibited by law, including issuing  
42 grants, conducting studies or other research, and funding training or  
43 professional development. Grants and fund expenditures shall be  
44 used for nonsectarian purposes and may be issued to any public,  
45 private, or religious organization otherwise eligible to receive  
46 municipal grants and contracts. The board may spend no more than  
47 10% of the funds received each year on its own administrative costs  
48 as defined by ordinance. The board shall each year publish a report  
49 describing the amounts spent and the results achieved, and other  
50 information as the assembly by ordinance may prescribe.

1  
2 (e) **Accountability Board Staff.**

3 The board may, but is not required to, appoint a principal executive  
4 officer in consultation with the mayor. The principal executive officer  
5 shall serve at the pleasure of the board.  
6

7 (f) The assembly shall implement this section by ordinance.  
8

9 And the proposition would amend portions of Anchorage Municipal Charter §  
10 14.03 and § 14.06 as follows (additions shown in **underline and bold**,  
11 deletions indicated by ~~[brackets, strikethrough, and bold]~~; current text of  
12 the Charter omitted indicated by \*\*\*):  
13

14 **Section 14.03. Tax increase limitation.**

15 \*\*\*

16 (b) The limitations set forth in subsection (a) do not apply to the  
17 following:  
18

19 \*\*\*

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

22 (c) Any tax increases which result from the exceptions set forth in  
23 subsection (b)(1)—(3) shall be added to the base amount which is used  
24 in subsection (a) for the calculations of the subsequent year tax  
25 increase limit. Taxes collected pursuant to Charter § 14.06 in 2018 shall  
26 be added to the base amount which is used in subsection (a) for  
27 calculations of the 2019 tax increase limit. **Taxes collected pursuant**  
28 **to Charter § 14.06 in 2024 and subsequent years shall be in**  
29 **addition to taxes that can be levied pursuant to this section. To**  
30 **ameliorate the effect of excepting taxes in subsection (b)(6)**  
31 **subsequent to 2023, the total amount of municipal tax that can be**  
32 **levied as calculated under subsection (a) for 2024 only shall be**  
33 **reduced by one [three] million dollars.**  
34  
35

36 **Section 14.06. - Retail marijuana sales tax.**

37  
38 (a) The assembly is hereby authorized, to the extent provided by  
39 law, to levy a tax on all retail sales of marijuana and marijuana  
40 products in an amount not to exceed **ten percent (10%) [twelve**  
41 **percent (12%)]** of the sales price. The initial rate of levy shall be  
42 five percent (5%) **and may not be increased until after June**  
43 **30, 2028.**  
44

45 \*\*\* \*\*\* \*\*\*

46 (d) **Beginning in 2024, the net receipts from the tax levied**  
47 **under this section, after payment of the costs of tax**  
48 **administration, collection and audit to the municipality, are**  
49 **dedicated and shall be available to use only for the**  
50 **purposes of Charter § 6.06.**

1  
2 Shall the Anchorage Municipal Charter be amended as set forth above, and  
3 the Accountability Board of Child Care and Early Education **that advises the**  
4 **assembly and administration** be established with the retail marijuana sales  
5 tax dedicated to child care and early education programs and moved outside  
6 the tax cap, and the municipal tax cap be lowered one time in 2024 by three  
7 million dollars (\$3,000,000)?

8  
9 Yes [ ] No [ ]

10  
11  
12 **[Charter Amendment**  
13 **Dedicating Marijuana Tax for [Early] Child[hood] Care and Early Education**

14  
15 This proposition would establish ~~dedicated funding for child care and early~~  
16 ~~education, an accountability [a] board of [early] child[hood] care and early~~  
17 ~~education, dedicate the net retail marijuana sales tax revenues to this board's~~  
18 ~~budgeted activities, [lower the maximum marijuana sales tax rate to~~  
19 ~~10%, prohibit any increase in the marijuana sales tax rate for five (5)~~  
20 ~~years,] and move [except] the marijuana sales taxes from under the tax~~  
21 ~~increase limitation ("tax cap") calculation to be above the tax cap and lower~~  
22 ~~the tax cap one time by three million dollars in 2024. [which will allow~~  
23 ~~other municipal taxes under the tax cap to be increased to replace it~~  
24 ~~(estimated at \$6 million for 2023, or approximately \$17.00 for each~~  
25 ~~\$100,000 of assessed taxable property value, based on the estimated~~  
26 ~~2022 areawide assessed valuation in Anchorage).] The proposition would~~  
27 amend the Anchorage Municipal Charter by adding the following new section  
28 to Article VI:

29  
30 **Section 6.06. Dedicating marijuana tax net proceeds and Accountability**  
31 **[Anchorage] Board of [Early] Child[hood] Care and Early Education**

- 32  
33 (a) ~~Dedicated marijuana tax net proceeds. The net proceeds of the~~  
34 ~~marijuana tax shall be dedicated to:~~  
35  
36 ~~(1) Creating access to child care and early education programs~~  
37 ~~for the residents of Anchorage;~~  
38  
39 ~~(2) Provide funding for reading programs for child care and early~~  
40 ~~education programs;~~  
41  
42 ~~(3) Provide resources to increase funding, livable wages, training~~  
43 ~~and staffing for child care and early education programs; and~~  
44  
45 ~~(4) Prioritize the utilization of existing school district facilities that~~  
46 ~~are closed, scheduled to be closed, or underutilized for use for~~  
47 ~~child care and early education programs, as long as they are~~  
48 ~~economically feasible, before other facilities are considered for~~  
49 ~~the use of these funds.~~  
50

~~(b)~~ **Accountability Board Composition and Purpose**

~~There is established an accountability [a] board of [early] child[hood] care and early education composed of five (5) members [~~Three (3) members shall be~~] appointed by the mayor and confirmed by the assembly [~~and two (2) members shall be appointed by a majority vote of the school board~~]. The board's mission and activities shall be [receive and manage the disbursement of all net receipts collected from the marijuana tax pursuant to § 14.06(d)] for the purpose of supporting and advancing [early] child[hood] care and early education in Anchorage. No board member may serve in any [other] elected office, except on a service area board established pursuant to section 9.01 of this Charter.~~

~~(c/b)~~ **Budget and Funding**

~~The board shall have a separate budget within the annual municipal budget and it shall be subject to Charter sections 13.03 through 13.08. The board shall prepare a proposed budget and submit it to the mayor and a copy [a proposed rate of marijuana tax under Charter § 14.06 sufficient to fund the budget and submit the budget] to the assembly at least 120 [90] days before the end of the municipal fiscal year. The budget may provide for investment of funds for use on capital projects or capital programs in future years. The mayor shall submit a proposed budget for the board to the assembly, and it shall be considered and approved separately from the municipal budget. [The assembly may increase or decrease the budget only as to total amount. The assembly shall approve the budget as amended and appropriate the necessary funds at least 21 days prior to the end of the municipal fiscal year. If the assembly fails to approve the budget and make the necessary appropriation within the time stated, either before or by veto override after a veto of all or a portion of a budget, the board's proposal shall become the approved budget and appropriation for the fiscal year without further assembly action.] The assembly shall establish a tax rate at a level sufficient for the approved budget and in accordance with Charter §14.06.~~

~~(d/c)~~ **Expenditures and Administrative Limit**

~~The board may support and advance [early] child[hood] care and early education in Anchorage in any manner not prohibited by law, including issuing grants, conducting studies or other research, and funding training or professional development. Grants and fund expenditures shall be used for nonsectarian purposes and may be issued to any public, private, or religious organization otherwise eligible to receive municipal grants and contracts. The board may spend no more than 10% of the funds received each year on its own administrative costs as defined by ordinance. The board shall each year publish a report describing the amounts spent and the results achieved, and other information as the assembly by ordinance may prescribe.~~

~~(e[d]) Accountability Board Staff~~

~~The board may, but is not required to, appoint a principal executive officer in consultation with the mayor. The principal executive officer shall serve at the pleasure of the board [commission].~~

~~(f[e])~~ The assembly shall implement this section by ordinance.

And by amending portions of Anchorage Municipal Charter § 14.03 and § 14.06 as follows (additions shown in **underline and bold**, deletions indicated by **[brackets, strikethrough, and bold]**; current text of the Charter omitted indicated by **\*\*\***):

**Section 14.03. Tax increase limitation.**

\*\*\*

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

\*\*\*

~~(6) Taxes imposed pursuant to Charter § 14.06 prior to 2019 **and subsequent to 2023 [2022].**~~

~~(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 [imposed] [collected]** pursuant to Charter § 14.06 in **2018 [2022] [2018]** shall be added to the base amount which is used in subsection (a) for calculations of the **2019 [2023] [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. [but taxes imposed in subsequent years are excepted from the limitation pursuant to subsection (b)(6)]** ~~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 three million dollars.~~~~

**Section 14.06. – Retail marijuana sales tax.**

~~[NOTE: subsection (a) below is omitted from the proposition, there is no change proposed to the current text of the subsection]~~

~~[(a) The assembly is hereby authorized, to the extent provided by law, to levy a tax on all retail sales of marijuana and marijuana products in an amount not to exceed **ten percent (10%) [twelve percent (12%)]** of the sales price. The initial rate of levy shall be **five percent (5%), and may not be increased until after June 30, 2028.**]~~

\*\*\*

~~(d) **Beginning in 2024 [2023], the net receipts from the tax levied under this section, after payment of the costs of tax**~~

**administration, collection and audit to the municipality, are  
dedicated and shall be available to use only for the  
purposes of Charter § 6.06.**

Shall the Anchorage Municipal Charter be amended as set forth above, and  
the ~~Accountability [Anchorage] Board of [early] Child[hood] Care and Early~~  
Education be established with the retail marijuana sales tax dedicated to ~~child~~  
~~care and early education programs [its use] and moved~~ outside the tax cap  
~~and lower the tax cap one time in 2024 by three million dollars (\$3,000,000)?~~  
~~[, to exclude them from the municipal tax cap thereby allowing other~~  
~~municipal taxes under the tax cap to be increased to replace it~~  
~~(estimated at \$6 million for 2024, or approximately \$17.00 for each~~  
~~\$100,000 of assessed taxable property value, based on the estimated~~  
~~2022 areawide assessed valuation in Anchorage)?]~~

Yes [ ] ~~\_\_\_\_\_~~ No [  ]

**Section 3.** The amendments to the Charter shall be effective 30 days after  
certification of the election, subject to approval of the proposition contained in  
Section 2 of this ordinance. The remainder of this ordinance shall be effective  
immediately upon passage and approval of the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 24th day of January,  
2023.

*Suzanne LaFrance*

Chair

ATTEST:

*Barbara A. Jones*

Municipal Clerk



# MUNICIPALITY OF ANCHORAGE ASSEMBLY MEMORANDUM

No. AM 55-2023

Meeting Date: January 24, 2023

1 **From:** Assembly Chair LaFrance and Assembly Member Perez-Verdia

2  
3 **Subject:** AO 2022-17(S-2): AN ORDINANCE SUBMITTING TO THE  
4 QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE A  
5 BALLOT PROPOSITION AMENDING THE ANCHORAGE  
6 MUNICIPAL CHARTER TO SUPPORT AND ADVANCE [EARLY]  
7 CHILD[HOOD] CARE AND EARLY EDUCATION, DEDICATE THE  
8 NET PROCEEDS OF THE CURRENT RETAIL MARIJUANA SALES  
9 TAX TO THIS PURPOSE, AND EXCEPTING THE MARIJUANA TAX  
10 FROM THE TAX INCREASE LIMITATION (“TAX CAP”), AND  
11 LOWERING THE TAX CAP ONE TIME FOR 2024 BY THREE  
12 MILLION DOLLARS (\$3,000,000).

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13  
14  
15 The S-2 version of this proposed ordinance rewrites the proposition language in  
16 Section 2 in two steps. First, it deletes the proposition language that was set out in  
17 the S-1 version with extensive legislative markup on p. 1 line 21 through p. 4 line  
18 34, and replaces it with clean proposition text and the changes to current Charter  
19 text marked up only to show the additions and changes to the Charter language in  
20 accordance with Charter § 18.03, at p. 1 line 25 through p. 4 line 10 of the S-2.  
21 Second, the proposition text is updated to include changes that were prepared for  
22 floor amendment to the S-1 at the January 10, 2023 meeting but were not moved  
23 because the ordinance was postponed to January 24 without a pending motion. The  
24 sponsors support the inclusion of these changes from the S-1 in the S-2:

- 25 • The composition of the board of 5 members is deleted and instead the  
26 proposed Charter language directs that the Assembly shall implement by  
27 ordinance the new Board’s composition, responsibilities and operation. (p. 2  
28 lines 15-16)
- 29 • The word “for” is changed to “from” in relation to the board’s budget submitted  
30 by the mayor “from” the board. (p. 2 line 29)
- 31 • A sentence is added that requires the Mayor to submit a report, most likely  
32 by Assembly Memorandum, describing any changes made to the board’s  
33 proposed budget that the Mayor made before submitting to the Assembly. (p.  
34 2 lines 31-33)
- 35 • Adds a sentence to the end of new section 6.06(c) to make it explicitly clear  
36 the dedicated funding shall not duplication programs and services funded by  
37 the alcohol tax. (p. 2 lines 35-37) The alcohol tax dedicated funding purposes  
38 section in 14.07(b) includes this provision for children: “(2) Funding to combat  
39 and address child abuse, sexual assault, and domestic violence.”







**MUNICIPALITY OF ANCHORAGE**  
**Assembly Information Memorandum**

No. AIM 23-2023

Meeting Date: January 24, 2023

1 **From: ASSEMBLY MEMBER PEREZ-VERDIA**  
2

3 **Subject: Q&A RELATED TO AO 2022-17(S-2): AN ORDINANCE**  
4 **SUBMITTING TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF**  
5 **ANCHORAGE A BALLOT PROPOSITION AMENDING THE ANCHORAGE**  
6 **MUNICIPAL CHARTER TO SUPPORT AND ADVANCE [EARLY]**  
7 **CHILD[HOOD] CARE AND EARLY EDUCATION, DEDICATE THE NET**  
8 **PROCEEDS OF THE CURRENT RETAIL MARIJUANA SALES TAX TO THIS**  
9 **PURPOSE, [AND] EXCEPTING THE MARIJUANA TAX FROM THE TAX**  
10 **INCREASE LIMITATION (“TAX CAP”), AND LOWERING THE TAX CAP ONE**  
11 **TIME FOR 2024 BY THREE MILLION DOLLARS (\$3,000,000).**  
12  
13

14 For the Assembly’s consideration of AO 2022-17(S-2), attached is a document with  
15 answers from the sponsors to several questions from Assembly Members raised  
16 at the January 6, 2023 work session on AO 2022-17(S-2).  
17  
18  
19  
20

21 Prepared by: Assembly Counsel’s Office

22  
23 Respectfully submitted: Kameron Perez-Verdia, Assembly Member  
24 District 4, West Anchorage  
25  
26

1. **Statement: *The cost of government services will have to go up as inflation rate goes up.***

Not exactly true. If you look below, you will see how the inflation rate is calculated for consumers and used in the inflation adjustment for the Property Tax Cap. The cost of government services is not completely impacted by a CPI inflation rate, as the CPI is based on consumer goods. Government purchases different kind of goods.

The government goods are mostly wages and related personnel costs. That means healthcare, wages, and taxes. Wages are set by contract and are capped at a percentage, not full CPI. Healthcare is the one area, but we are self-insured, we have ability to control this cost. Lastly fuel and supplies are an expense for city. Fuel costs are down since we approved the budget and supplies have stabilized based on reports from Wall Street journal and other publications.

**CPI Categories by Weight, September 2022**

<b>Group</b>	<b>Weight</b>
Housing	32.7%
Commodities	21.0%
Food	13.7%
Energy	8.0%
Health Care	6.8%
Transportation	6.0%
Education	5.3%
Other Expenses	6.5%
<b>Total Expenses</b>	<b>100</b>

2. **Question: *How are we going to know there will be enough of an adjustment in the tax cap at first quarter budget revision to compensate for lowering the tax cap in the charter amendment?***

History shows the result of the tax cap. Over the last few years, the budgeting process has consisting underestimated the inflation rate. The rate is determined on the 5-year average and the lower rates are dropping off the higher rates are being blended in to the calculation.

If anything, the rate will go up significantly over the next few years. Approximately for every 1% increase in inflation it adds \$3 million to the collection of taxes. The 2023 budget is based on a 2.90% inflation.

**3. Statement: We need to make sure we do not lose taxing authority.**

The budget that the Assembly just passed, approx. \$587 million was \$1.2 million under the tax cap. The Assembly decided it was not necessary budget to the tax cap already in this year's budget.

**4. Statement: How do we know what the fiscal condition of the city will be in the next few years.**

You don't but based on trend lines the conservative 6 year fiscal plan presented by the Bronson Administration, that the Assembly approved shows population leveling off not declining any more and the inflation rate on an average of 3% by the end of 2023. With Population leveling off by the end of 2023 it will start to show a positive number or flat number in 2024 and beyond.

**5. Question: Why should we not tax to the cap and put this Marijuana Tax money above the tax cap, do both? If voters believe in this, they will vote for it.**

This would be true if all things were equal but they are not. The biggest polling issue is the property tax issue. By not going to the tax cap, the voters will see some relief and we can show we are listening to the voters. We are providing a needed service and we are lowering the tax cap into the future. The Assembly has already shown the willingness to do this by not going to the tax cap when they passed the 2023 budget, which was \$1.2 million under the tax cap.

**6. Question: Why are we calling this an accountability board?**

It is clearer than ever based on polling, elections, and resident complaints

the community wants to make sure we have people overseeing the spending of this money. Adding the word Accountability gives the clearest message that is what we are doing.

- 7. Question: What happened to the designated seats?** When we changed the structure to the S1 version, we decided to leave that for the implementation ordinance. By not putting it in the charter it gives us more flexibility to select the right folks to have on the board, and designate the seats in the ordinance.
  
- 8. Statement: I want to make sure the powers are equal when it comes to the appointment of the board and its executive director.** The structure of the Board is like the equal rights commission. Mayor appoints the Board, Assembly confirms. The Board hires the executive director. You may never need to have an executive director, it just gives you the option to hire one if needed. If you add the language “The assembly shall establish an implementing ordinance for the board’s responsibilities, composition and operation”, this resolves the issue and gives the Assembly the ability to control the outcome. It is important to keep the Charter Amendment simple.