

(S-3) Submitted by: Assembly Member Martinez  
(S-3) Prepared by: Assembly Counsel's Office  
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**ANCHORAGE, ALASKA  
AO No. 2024-105(S-3)\***

*\*(NOTE: this (S-3) version is presented without legislative drafting markup, except to the title, from the text of the original AO or any subsequent substitute version. It is written as a new ordinance. See the AM for summary of changes)*

1 **AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY PROPOSING**  
2 **A DEDICATED [~~PROPERTY~~] TAX AND ECONOMIC DEVELOPMENT MEASURE**  
3 **TO BE SUBMITTED TO THE QUALIFIED VOTERS OF THE MUNICIPALITY**  
4 **THAT WOULD ENACT A SALES AND USE TAX OF ONE AND ONE-HALF**  
5 **[~~THREE~~] PERCENT (1.5[~~3~~]%) IN THE AGGREGATE ON THE SALE OF GOODS**  
6 **AND SERVICES WITHIN THE MUNICIPALITY, WITH CERTAIN EXEMPTIONS, A**  
7 **MAXIMUM TAX AMOUNT PER TRANSACTION, COMPRISED OF [~~A TWO~~**  
8 **PERCENT (~~2%~~) TAX DEDICATED FOR THE SOLE PURPOSE OF REDUCING**  
9 **PROPERTY TAXES PROPORTIONATELY THROUGHOUT THE MUNICIPALITY**  
10 **WITHIN THE “TAX CAP” CALCULATION, AND] A ONE PERCENT (1%) TAX**  
11 **OUTSIDE OF THE TAX CAP DEDICATED FOR ESTABLISHMENT OF A TRUST**  
12 **FUND TO PAY FOR VOTER APPROVED CAPITAL PROJECTS KNOWN AS**  
13 **MUNICIPAL AREA PROJECTS (MAPs); WITH THE REMAINING ONE-HALF**  
14 **PERCENT (0.5%) DEDICATED TO THE COSTS OF ADMINISTRATION,**  
15 **COLLECTION AND AUDIT OF THESE SALES AND USE TAXES AND ANY**  
16 **REMAINDER AVAILABLE FOR ANY PUBLIC PURPOSE [~~SHALL BE SHARED~~**  
17 **PROPORTIONALLY BETWEEN THE TAXES]; PROVIDING FOR A MAPs**  
18 **CITIZENS ADVISORY BOARD; PROVIDING A LIMITED TERM OF SEVEN (7)**  
19 **YEARS FOR THE AGGREGATED 1.5% [~~3%~~] SALES AND USE TAX LEVY;**  
20 **AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER 12.25 REGARDING**  
21 **THE TAX INCREASE LIMITATION; ADDING A NEW CHAPTER TO THE**  
22 **ANCHORAGE MUNICIPAL CODE TO PARTIALLY IMPLEMENT THIS TAX**  
23 **REVENUE DIVERSIFICATION MEASURE; AND PROVIDING FOR TRANSITION**  
24 **PROCEDURES AND EFFECTIVE DATES.**

25  
26 **WHEREAS**, there has been a desire by the community to reduce property taxes  
27 and a desire to diversify our tax base by ensuring non-residents who purchase  
28 goods, consume services, benefit from public safety services, and use public  
29 facilities and streets within the Municipality primarily funded through residential  
30 property tax revenue will contribute to their provision and upkeep within the  
31 Municipality of Anchorage; and

32  
33 **WHEREAS**, the Municipality of Anchorage is suffering from a net outmigration of  
34 residents with a net decline from 2013 (302,127) to 2023 (289,653) of 12,474  
35 residents or ~4.1%; of which 18,314 are of working age and multiple forecasts  
36 predict this decline will continue; and

37  
38 **WHEREAS**, there is a desire to revitalize Anchorage through Municipal Area

1 Projects (MAPs) that will attract and retain residents, increase resident and visitor  
2 enjoyment, and enhance the livability of Anchorage; and

3  
4 **WHEREAS**, to reduce the regressive effect of a general retail sales tax, exemptions  
5 will be provided for common and necessity transactions; and

6  
7 **WHEREAS**, to reduce the regressive effect of a general retail sales tax, the proposal  
8 recommends a household exemption component in which the Assembly determines  
9 a process whereby Anchorage households with annual income at or below the 80%  
10 federal poverty line may apply for exemption from the sales and use tax altogether,  
11 and

12  
13 **WHEREAS**, there will be a \$1,000 cap on the amount of a purchase transaction  
14 subject to the sales and use taxes, limiting the amount of tax paid to a maximum of  
15 \$30 per transaction; and

16  
17 **WHEREAS**, the term of the tax would be limited to no more than seven (7) full  
18 calendar years from the start of the tax levy and collections, excluding the initial  
19 partial year; and

20  
21 **WHEREAS**, forecasted annual revenue from the tax, based on conservative  
22 estimates, is expected to be \$90 million with two-thirds going to Municipal Area  
23 Projects approved by the voters, and one-third going to the costs of administration,  
24 collection and audit of the tax and general government; and

25  
26 **WHEREAS**, Municipal Area Projects would have oversight provided by a MAPs  
27 Citizen Advisory Board when appointed by the Mayor and confirmed by the  
28 Assembly; and

29  
30 **WHEREAS**, a sales and use tax is not new to Alaska with sales taxes, along with  
31 use tax in some instances, implemented in Juneau, Kenai, Homer, Ketchikan,  
32 Kodiak, Palmer, Seward, Soldotna, Wasilla and other jurisdictions; and

33  
34 **WHEREAS**, MAPs will be required to have 80% of funding in place prior to the  
35 commencing of field or site work in order to ensure projects are funded from MAPs  
36 Fund and Trust reserves; and

37  
38 **WHEREAS**, under this proposal the MAPs Fund and Trust reserves shall not be  
39 used to secure general obligation bond debt; now, therefore

40  
41 **Section 1.** Pursuant to state law and the Anchorage Municipal Charter, a ballot  
42 proposition in substantially the same form as appear in Section 2 below shall be  
43 placed on the ballot and submitted to the qualified voters of the Municipality at the  
44 regular municipal election on April 1, 2025.

45  
46 **Section 2.** A ballot proposition shall be presented in substantially the following

1 form:

2  
3 **PROPOSITION NO. \_\_\_\_\_**  
4 **ECONOMIC DEVELOPMENT MEASURE:**  
5 **CHARTER AMENDMENT AND ORDINANCE TO AUTHORIZE THE LEVY**  
6 **OF A 1.5% SALES AND USE TAX, COMPRISED OF 1% DEDICATED TO**  
7 **CAPITAL PROJECTS AND 0.5% DEDICATED TO THE COST OF**  
8 **ADMINISTRATION, MAINTENANCE AND GENERAL GOVERNMENT.**  
9

10 The proposed Charter Amendment and Assembly Ordinance 2024-\_\_\_\_  
11 would authorize and enact a seven (7) calendar year term-limited aggregated  
12 one and one-half percent (1.5%) sales and use tax on the sale or use of  
13 goods and services within the Municipality of Anchorage, with certain  
14 specified exemptions. This is comprised of two separate sales and use tax  
15 levies for separate purposes:

16  
17 (1) A one percent (1%) tax dedicated to fund community infrastructure  
18 projects excluded from the Tax Cap calculation and known as Municipal Area  
19 Projects (MAPs). The full amount of this tax revenue, is solely dedicated to  
20 funding of core MAPs. This is estimated to produce approximately \$60 million  
21 in annual revenue.

22  
23 The core capital investments, to be constructed, acquired, maintained and  
24 operated pursuant to this proposition shall include:

- 25 1. Street, road, and sidewalk construction and maintenance to  
26 include projects to expand pedestrian and other non-motorized  
27 connectivity;  
28 2. Improvements to public lighting and safety; and  
29 3. Maintenance and operations for snow removal, storage, or  
30 disposal.

31  
32 (2) A one-half percent (0.5%) tax dedicated to fund the cost of administration  
33 of the sales tax, with any remainder to be treated as revenue available for  
34 any public purpose. This is estimated to produce approximately \$30 million  
35 in annual revenue.

36  
37 This Economic Development Measure proposes to amend Anchorage  
38 Municipal Charter Section 14.03 and add new Section 14.08 and 14.09 as  
39 follows (new language proposed is shown in **bold and underlined**; language  
40 to be deleted is shown with [~~strikeout in bold and brackets~~):

41  
42 **Section 14.03. - Tax increase limitation.**  
43

44 \*\*\* \*\*

- 45 (b) The limitations set forth in subsection (a) do not apply to the following:  
46 (1) Taxes on new construction or property improvements which

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- 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 2019 and subsequent to 2023.
- (7) Taxes imposed pursuant to Charter § 14.08.**

\*\*\*                      \*\*\*                      \*\*\*

**Section 14.08. - Sales and Use Tax.**

- (a) The assembly is hereby authorized to levy, to the extent provided by law, a one percent (1 %) tax on the sale and use of goods and services within the municipality dedicated to funding Municipal Area Projects (MAPs). Each MAP shall be:**
  - (1) Street, road, and sidewalk construction and maintenance to include projects to expand pedestrian and other non-motorized connectivity,**
  - (2) Improvements to public lighting and safety,**
  - (3) Maintenance and operations for snow removal, storage, or disposal; or**
  - (4) Any capital project approved a majority of the qualified voters voting on the question.**
  
- (b) In addition to the tax authorized by subsection (a), the assembly is hereby authorized to levy a one-half percent (0.5%) tax on the sale and use of goods and services within the municipality dedicated first to funding the costs of administering the sales and use taxes authorized by this section. This tax shall be levied at the same time, in the same manner, and with identical exemptions as the tax authorized by subsection (a). The net receipts from this one-half percent (0.5%) sales and use tax, after payment of the dedication to costs of administration, collection and audit to the municipality for the taxes authorized by this section, shall be revenue available for any public purpose.**

1       **(c) The tax revenues dedicated by subsection (a) shall be used to**  
2       **establish a trust fund and be deposited therein. The assembly**  
3       **shall establish by ordinance a level of trust fund assets**  
4       **reasonable and necessary to hold in reserve for investment**  
5       **earnings sufficient to be available during the economic life of**  
6       **any constructed MAPs project for the costs of operations,**  
7       **maintenance and safety improvements. The assembly may**  
8       **authorize draws from the trust by ordinance, with the following**  
9       **stipulations:**

10  
11       **(1) Investment earnings are first used for payment of costs**  
12       **for operations, maintenance and safety improvements**  
13       **for constructed MAPs and related improvements.**  
14       **Investment earnings unencumbered at the end of the**  
15       **fiscal year shall become part of the trust corpus.**

16  
17       **(2) Appropriations from the trust corpus are authorized for**  
18       **costs of funding design, development, and construction**  
19       **of a project on the MAPs list; provided that no initial**  
20       **appropriation for a project's construction costs is**  
21       **permitted unless the project is 80% funded or more,**  
22       **regardless of source.**

23  
24       **(3) Appropriations from the trust corpus may not cause the**  
25       **balance to fall below the trust reserve level established**  
26       **by the assembly in accordance with this section.**

27  
28       **(d) The assembly shall establish an investment policy for the**  
29       **subsection (c) trust fund and reserves by ordinance.**

30  
31       **(e) The taxes authorized by this section shall first be levied no**  
32       **earlier than July 1, 2026 and no later than July 1, 2027, as**  
33       **determined by the assembly by ordinance. The tax levies**  
34       **shall sunset and be repealed effective at 11:59 p.m. on**  
35       **December 31 of the seventh full calendar year following the**  
36       **date the tax was first levied.**

37  
38       **(f) Notwithstanding Charter §§ 14.06 and 14.07, the taxes levied**  
39       **under this section apply to goods taxed by those sections,**  
40       **unless exempted by the assembly by ordinance.**

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42       **(g) The assembly may enact such additional provisions, not**  
43       **inconsistent with this section, as necessary or desirable to**  
44       **implement this section.**

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And by amending Anchorage Municipal Charter, Article II (4), and Charter §14.01(b) as follows (**underlined and bolded words** are proposed new words; ~~strikeouts in bold~~ are proposed deletions):

**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.

\*\*\*      \*\*\*      \*\*\*

**Section 14.01 Taxing Authority**

\*\*\*      \*\*\*      \*\*\*

(b) 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.

If approved by more than 50% of the qualified voters voting on the question at the April 1, 2025 Regular Election, the Charter amendments will become effective 30 days after certification of the election, and the sales and use tax levy will become effective no later than July 1, 2027, with the date of initial levy to be established by the Anchorage Assembly by ordinance. The sales and use tax levy will be repealed automatically on December 31 of the seventh full calendar year after it is first levied.

1 Shall the Charter be amended as shown above and become law,  
2 authorizing a temporary, dedicated-use aggregated 1.5 sales and  
3 use tax, and the MAPs listed above be authorized?  
4

5 YES [ ] NO [ ]  
6  
7  
8

9 **Section 3.** Anchorage Municipal Code Title 12 is hereby amended to add a new  
10 chapter 12.80 to read as follows, effective if and only if the proposition in Section 2  
11 of this ordinance is approved by the voters:  
12

13 **Chapter 12.80**  
14 **Tax on the Sale or Use of Goods and Services**

- 15  
16 12.80.010 Aggregated Sales and use tax.  
17 12.80.020 Purpose.  
18 12.80.025 Interpretation.  
19 12.80.030 Definitions.  
20 12.80.040 Administrative 0.5% sales and use tax.  
21 12.80.050 Municipal Area Projects 1% sales and use tax.  
22 12.80.060 MAPs Citizen Advisory Board.  
23 12.80.070 Non-taxable sales and exemptions.  
24 12.80.080 Dedicated Sales and Use Tax Trust Fund.  
25 12.80.090 Obligation for payment of tax; disposition of excess  
26 collections; liability for uncollected taxes.  
27 12.80.100 Alaska Remote Seller Sales Tax Code, adoption.  
28 12.80.110 Presumption of taxability; sales price and value.  
29 12.80.120 Timely filing allowance, seller reimbursement for  
30 collection costs.  
31  
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33 **12.80.10 Aggregated sales and use tax.**  
34

- 35 A. *Sales Tax Imposed.* An aggregated sales tax of 1.5% is hereby levied  
36 on the taxable retail sales of all goods and services sold within the  
37 municipality, except as provided in this chapter. This consists of two  
38 separate sales and use taxes, one of one percent (1%) for funding  
39 Municipal Area Projects, as authorized by Charter § 14.08, and one of  
40 one-half percent (.5%) for cost of administration, maintenance and  
41 general government.  
42  
43 B. *Use Tax Imposed.* A use tax at the same rate as the sales tax in  
44 subsection A., for the privilege of use within the municipality, is hereby  
45 levied on the person using the following goods acquired on or after the  
46 effective date of initial levy of the sales tax authorized by this section:

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1. Goods manufactured in the municipality, only if the person manufacturing the good is not engaged in the business of manufacturing for resale to an end user; or
2. Goods acquired outside of the municipality and primarily used within the municipality, if the acquisition is the result of a transaction subject to the sales tax if it had occurred in the municipality.
3. The first one-thousand dollars (\$1,000) of goods manufactured in the municipality or goods acquired outside of the municipality and primarily used within the municipality, as described in subparagraphs 1 and 2 above, are exempted from the use tax on an annual basis.

C. *Credit for taxes previously paid.* The use tax levied under this section shall be adjusted in accordance with AS 29.45.650(c) if the person subject to the use tax provides proof, in the form required by the department, the person previously paid a sales tax imposed by any jurisdiction on the goods.

D. To the fullest extent permitted under the law and constitutions of the United States and the State of Alaska, and under the Charter, a person who has nexus within the state and whose sales are not subject to the sales taxes shall collect the use tax from the purchaser and pay the tax collected to the municipality.

E. The aggregated sales and use taxes levied by this section shall be collected for a limited term beginning at 12:01 a.m. on July 1, 2026, for the remainder of that year, plus seven (7) full calendar years until 11:59 p.m. on December 31, 2034 when it shall be repealed by operation of law.

**12.80.020 Purpose.**

The purposes of this chapter are:

A. *Municipal Area Projects (MAPs):* A purpose of this chapter is to provide funding for Municipal Area Projects (MAPs) recommended and desired by the public. The net receipts of the one percent (1%) sales and use tax shall be restricted to funding of Municipal Area Projects for the benefit of the Municipality, including Trust fund reserves to generate investment earnings to pay for operations, maintenance, and safety improvements. No project shall break ground until a minimum of 80% of funding required for that project has been



1           appropriated. MAPs Fund and Trust reserves shall not be used to  
2           secure general obligation bond debt.

3  
4           B.    The costs of administration, collection and audit of the total  
5           aggregated sales and use tax shall be paid from the net receipt of a  
6           one-half percent (0.5%) sales and use tax. Any remaining revenue  
7           may be treated has revenue for the general fund to be spent for any  
8           valid public purpose.

9  
10          C.    The operations, maintenance and safety for constructed and related  
11          improvements under Section 12.80.020A. shall be paid out of the  
12          proceeds from the one percent (1%) sales and use tax.

13  
14          **12.80.025    Interpretation.**

15  
16          A.    The tax levied by this chapter applies to all sales, rentals and services  
17          except those that this chapter expressly exempts from the tax.

18  
19          B.    The application of the tax levied under this chapter shall be broadly  
20          construed and shall favor inclusion rather than exclusion.

21  
22          C.    The exemptions from the tax levied under this chapter shall be  
23          narrowly construed against the claimant and in favor of taxation.

24  
25  
26          **12.80.030    Definitions.**

27  
28          The following words, terms and phrases, when used in this chapter, shall  
29          have the meanings ascribed to them in this section, except where the context  
30          clearly indicates a different meaning:

31  
32                **Certificate of Exemption** shall mean a certificate issued by the  
33                municipality to a person qualifying as an "Exempt Purchaser" of goods  
34                and services, reseller, or other person-based exemption. The  
35                certificate shall be provided at the time of the sales transaction in order  
36                to obtain the permitted exemption.

37  
38                **Chief Fiscal Officer** shall mean the chief fiscal officer of the  
39                municipality, or designee.

40  
41                **Counseling services** shall mean all services provided to an individual  
42                taxpayer by a psychologist or psychological associate, psychiatrist,  
43                clinical social worker, substance abuse counselor, or a marital and/or  
44                family therapist, licensed or certified to provide such services by the  
45                State of Alaska.

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**Department** shall mean the finance department of the municipality.

**Exemption** shall mean a buyer or seller is exempt under a provision of this chapter, or the sale itself is exempt under a provision of this chapter.

**Food and food ingredients** shall mean substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. "Food and food ingredients" does not include "alcoholic beverages" or "tobacco."

**Prepared food** shall mean:

1. Food sold in a heated state or heated by the seller;
2. Two or more food ingredients mixed or combined by the seller for sale as a single item; or
3. Food sold with eating utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or straws. A plate does not include a container or packaging used to transport the food.

**Goods** shall mean all tangible personal property that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses. "Tangible personal property" includes electricity, water, gas, steam, and prewritten computer software.

**Grooming and hygiene products** are soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and sun tan lotions and screens, regardless of whether the items meet the definition of "over-the-counter-drugs."

**Household exemption** shall mean the exemption of households with annual income at or below federal level of eighty-percent (80%) poverty from the provisions of this sales and use tax.

**Legal services** shall mean all services provided to an individual taxpayer by a lawyer or paralegal or any other individual licensed or certified by the State of Alaska to provide legal services.

**MAPs Citizen Advisory Board** shall mean a board comprised of Municipal Citizens as established in this chapter.

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**Medical services** shall mean all services provided to an individual taxpayer by a physician, osteopath, chiropractor, dentist, registered or practical nurse, physician's assistant, certified nurse's aide, paramedic, emergency medical technician, naturopath, optometrist, audiologist, hospital, midwife, birth center, occupational therapist, physical therapist, or any other person certified or licensed by the state of Alaska to provide health care services.

**Menstrual hygiene products** shall mean tampons, panty liners, menstrual cups, pads, and other similar tangible personal property designed for use in connection with the human menstrual cycle, contraceptives, but does not include "grooming and hygiene products" as defined in this section.

**Municipal Area Projects (MAPs)** shall mean capital projects as defined by municipal code or capital investments that will have benefit to the Municipality of Anchorage with measurable improvements for the immediate and long-term livability of Anchorage.

**Nonprofit organization** shall mean a business or organization that has been granted tax-exempt status by the Internal Revenue Service.

**"Over-the-counter-drug"** means a drug that contains a label that identifies the product as a drug as required by 21 C.F.R. § 201.66. A member state may exclude "grooming and hygiene products" from this definition. The "over-the-counter-drug" label includes:

- A. "Drug Facts" panel; or
- B. A statement of the "active ingredient(s)" with a list of those ingredients contained in the compound, substance or preparation.

**Person** shall mean those who are under a duty to perform an act concerning which a violation of this chapter could occur, such as an individual, company, partnership, joint venture, joint agreement, association (mutual or otherwise), corporation, estate, trust, business trust, receiver or trustee, syndicate, or political subdivision of this state, or combination acting as a unit including officers or members of any such entities. It is the intent of this chapter that such persons be personally liable for unremitted taxes.

**Precious metals bullion** shall mean any precious metal, including, but not limited to, gold, silver, platinum, and palladium, that is in such a state or condition that its value depends upon its precious metal content and not its form.

**Prescription medicine** shall mean an order, formula or recipe issued in any form of oral, written, electronic, or other means of transmission

1 by a duly licensed practitioner authorized by the laws of the member  
2 state.

3  
4 **Purchaser** shall mean a person to whom a sale is made.

5  
6 **Real property** shall mean land, whether subdivided or not, all  
7 buildings, structures, improvements and fixtures of any kind thereon,  
8 and all possessory rights and privileges belonging and pertaining  
9 thereto.

10  
11 **Resale** shall mean:

- 12  
13 1. The sale of goods by a manufacturer, wholesaler or distributor  
14 to a retail vendor; sales to a wholesale or retail dealer who  
15 deals in the property sold, for the purpose of resale by the  
16 dealer.  
17  
18 2. Sales of personal property as raw material to a person engaged  
19 in manufacturing components for sale, where the property sold  
20 is consumed in the manufacturing process of, or becomes an  
21 ingredient or component part of, a product manufactured for  
22 sale by the manufacturer.  
23  
24 3. Sale of personal property as construction material to a licensed  
25 building contractor where the property sold becomes part of the  
26 permanent structure.

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28 **Services** shall mean all services of every manner and description  
29 performed or furnished for compensation within the municipality as  
30 required to install, construct, repair or complete specified results or  
31 end products and professional services, services in which a product  
32 or sale of property may be involved, repair, transportation, advertising,  
33 recreation, amusement, craftsmen's services, and services wherein  
34 labor and materials are provided to accomplish a specific result.

35  
36 **Seller** shall mean every person, whether acting as principal, agent or  
37 employee, who makes a sale subject to this tax.

38  
39 **Selling price** applies to the measure subject to sales and use tax and  
40 means the total amount of consideration, including cash, credit,  
41 property, and services, for which personal property or services are  
42 sold, leased, or rented, valued in money, whether received in money  
43 or otherwise, without any deduction for the following:  
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1. The cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller;
2. Charges by the seller for any services necessary to complete the sale, other than delivery and installation charges;
3. Delivery charges;
4. Installation charges; and
5. Credit for any trade-in, as determined by state law.

**Tax Payer** shall mean any person responsible for the payment of any sales or use tax as required by this chapter.

**12.80.040 Administrative 0.5% sales and use tax.**

The net receipts of the one-half percent (0.5%) sales and use tax levied by section 12.80.010 and authorized by Charter § 14.08(b), after payment or transfer for the costs of administration, collection, and audit to the municipality for all the taxes imposed pursuant to Charter § 14.08, may be deposited in the general fund and available for any public purpose.

**12.80.050 Municipal Area Projects 1% sales and use tax.**

- A. The receipts of the one percent (1%) sales and use tax levied by section 12.80.010 and authorized by Charter § 14.08(a) for Municipal Area Projects shall be deposited in the MAPs trust fund and managed and administered in accordance with this chapter.
- B. Projects to be funded: The net receipts of the MAPs 1% sales and use tax funds available for funding MAPs projects may be expended only for the following limited purposes (the "projects"):
  1. Street, road, and sidewalk construction and maintenance to include projects to expand pedestrian and other non-motorized connectivity;
  2. Improvements to public lighting and safety; or
  3. Maintenance and operations for snow removal, storage, or disposal.
- C. Additional or substituted projects must be placed on the ballot and approved by voters with a vote of 50% plus one.

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- D. No more than 10% of the net receipts of the MAPs 1% sales and use tax funds shall be used to fund vehicle and heavy equipment fleet investments. A minimum of 5% and not more than 15% of the net receipts of the MAPs 1% sales and use tax funds shall be invested to fund the operations, maintenance and safety costs of MAPs projects.
  
- E. .There is hereby established a limited purpose tax fund to be known as the "Municipal Area Projects Tax Trust Fund" into which all revenues collected pursuant to Subsection 12.80.040A. above shall be deposited. Monies in said limited-purpose Trust Fund shall be accumulated from year-to-year. Monies in said limited purpose trust fund shall be expended only as accumulated and only for the limited purposes (projects and administration, collection, audit, long term operations, maintenance and safety for constructed and related improvements) described in Charter § 14.09.

**12.80.060 MAPs Citizen Advisory Board.**

- A. There is hereby authorized the establishment of a MAPs Citizen Advisory Board to review proposed and actual expenditures of such monies from the MAPs Tax Trust Fund and submit recommendations to the assembly and mayor regarding such expenditures, the order of projects funded, and modifications to the list of tax exemptions. The board must be seated and hold its first meeting with quorum at least 60 days prior to expenditure of any monies in the MAPs Tax Trust Fund
  - 1. The formation of the Board shall be at the discretion of the Mayor with appointment approval by the Assembly.
  - 2. The board shall have seven (7) members, appointed by the mayor and confirmed by the assembly, who shall serve for a term of 3 years.
  - 3. The board shall recommend to the mayor and assembly the priority order in which projects should be funded through appropriations as required by the Charter § 14.08.
  - 4. The board shall recommend appropriations for operations, maintenance, security and safety for constructed and related improvements as required by Charter Amendment.
  - 5. The board shall at least on an annual basis provide a report to the mayor and assembly on the status of the tax and any

1 exemptions that they recommend be added, deleted, or  
2 changed.

3  
4 **12.80.070 Non-taxable sales, exclusions and exemptions.**

5  
6 A. The following sales are not taxable under this chapter under state or  
7 federal law:

- 8  
9 1. Sales to or uses by an agency of the United States government,  
10 an instrumentality of the State of Alaska as that term is defined  
11 in AS 39.52.960, a municipality or school district, including the  
12 Anchorage School District, a Regional Housing Authority  
13 created pursuant to A.S.18.55.996, or a Native entity or tribe  
14 included on the federal list published under 25 U.S.C. 5131.  
15  
16 2. Sales to or uses by foreign diplomats under the Foreign  
17 Missions Act (22 U.S.C. 4301 *et seq.*).  
18  
19 3. Sales to or uses by the Alaska Life and Health Insurance  
20 Guaranty Association, under AS 21.79.130.  
21  
22 4. Sales or use of goods related to an orbital space facility,  
23 pursuant to AS 29.45.650(h).  
24  
25 5. A purchase made with (a) food coupons, food stamps, or other  
26 type of allotment issued under 7 U.S.C. 2011--2036 (Food  
27 Stamp Program); or (b) food instruments, food vouchers, or  
28 other type of certificate issued under 42 U.S.C. 1786 (Special  
29 Supplemental Food Program for Women, Infants, and  
30 Children). For purposes of this subsection, the value of a food  
31 stamp allotment paid in the form of a wage subsidy as  
32 authorized under AS 47.25.975(b) is not considered to be an  
33 allotment issued under 7 U.S.C. 2011--2036 (Food Stamp  
34 Program).  
35  
36 6. The retail sale, use, or transfer of refined fuel.  
37  
38 7. A construction contract awarded by the state or a state agency,  
39 or on a subcontract awarded in connection with the project  
40 funded under the construction contract.  
41  
42 8. Other sales or uses the municipality is prohibited from taxing  
43 under the federal or state Constitutions or laws of the United  
44 States or the State of Alaska.  
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B. *Maximum tax per transaction.* Only the first \$1,000.00 of the price in each transaction shall be subject to sales tax levied under this chapter, the amount in excess in each transaction is excluded and not taxable. This rule applies as follows in the circumstances described:

1. The payment of rent for personal property in excess of \$1,000, and for more than one month shall be treated as separate transactions covering the rental for one month each. A transaction involving payment for services to be rendered or delivered over a period of more than one month for a consideration in excess of \$1,000 shall be treated as separate transactions occurring one each month over the period of time that the service is rendered.
2. Each night of each individual room rental shall be considered a separate transaction and therefore the maximum tax computation shall be calculated on a per room per night basis.
3. *Capital Leases.* Contracts to purchase the property at the end of a lease shall be treated as a sale on the effective date of the contract and are subject to the maximum tax per transaction pursuant to subsection (A) of this section.
4. *Other Lease Types.* Leases that have an option to purchase at the end of the lease are taxed on the principal amount of each lease payment for the term of the lease. If the purchase is made at the end of the lease, the purchase transaction would be treated as another separate transaction. Interest and financing charges related to the lease payment are not subject to tax.
5. *Installment Payments.* When payments for a single transaction are made on an installment basis the sales tax on the transaction shall be collected on the first payment.

C. The municipality hereby declares the following exemptions from the taxes imposed by this chapter:

1. Sales of food, except prepared food shall be taxable.
2. Sale of prescription medicine or medical goods prescribed by a physician, psychiatrist or other person licensed in the United States to lawfully authorize such prescription.
3. The provision of medical services or counseling services.
4. The sale of gasoline or diesel fuel.



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5. Small business transactions for businesses classified as a Cottage Industry business, or as a small manufacturing operation run out of a home by a single individual or a family.
6. Financial service transactions. For purposes of this chapter, financial service transactions are limited to: deposit account services, loan transaction fees, transactions relating to the sale or exchange of currency or securities or precious metals bullion, transactions for conversion of negotiable instruments, safe deposit services, escrow collection services, late fees, overdraft fees, and interest charged on past due accounts.
7. The use by an individual of personal or household effects brought into the municipality for the establishment by the individual of an initial residence in the municipality is exempt from the use tax.
8. Licensed childcare services, childcare products, and menstrual hygiene products, and contraceptives.
9. Isolated sales by one individual to another when the seller is not generally engaged in the business of selling the same or similar property.
10. Rental of personal property, unless the rental transaction for personal property provides a right of purchase at the end of the rental contract. However, this provision does not exempt motor vehicle rentals that are also subject to the motor vehicle rental tax in chapter 12.45.
11. The sale or rental of real property (including all necessary or customary services provided in order to legally accomplish a sale or rental of real property), except the rental of a room or rooms taxable under chapter 12.20 are also taxable under this chapter.
12. The sale of contracts of insurance.
13. Sale of school classroom items and professional development courses or other goods or services qualifying for the federal income tax educator expense deduction, to those presenting a valid teacher's identification or certificate.
14. Purchases made by nonprofits. The Municipality shall develop an online registration for certifying that a nonprofit is eligible for

1 exemption as a "nonprofit exempt purchaser," at no cost to the  
2 nonprofit. Upon certification the nonprofit exempt purchaser  
3 shall provide their federal tax identification number to a seller  
4 of goods at the time of purchase in order to obtain the permitted  
5 exemption.  
6

7 15. The sale of alcohol and marijuana.

8  
9 D. The following sales are exempt from the taxes imposed by this  
10 chapter, provided the seller or purchaser, as applicable, is in  
11 possession of a valid certificate of exemption:  
12

13 1. Sales and purchases by a nonprofit organization, provided the  
14 sale of goods or services is incidental and all the proceeds of  
15 the sale go to the organization and its mission, and is not part  
16 of an "unrelated trade or business" as that term is defined by  
17 the Internal Revenue Code.  
18

19 2. Sale of goods for resale.  
20

21 E. The application of the exemptions provided for in subsections A-D of  
22 this section to specific goods and services shall be determined by the  
23 department.  
24

25 F. The Assembly by majority vote may, after formal recommendation  
26 from the MAPs Citizen Advisory Board, alter or modify a determination  
27 of the department concerning the application of any exemption  
28 provided for in subsection A-D of this section to any specific goods or  
29 services.  
30

31 **12.80.080 Dedicated sales and use tax trust fund.**  
32

33 A. Pursuant to Charter § 14.08, there is established a Dedicated Sales  
34 and Use Tax Trust Fund. The Trust Fund is dedicated for the net  
35 receipts of the one percent (1%) sales and use tax.  
36

37 1. The Trust Fund shall be invested as prescribed by an  
38 investment policy approved by the assembly.  
39

40 2. The Trust Fund shall be managed by a board of trustees,  
41 appointed by the mayor and confirmed by the Assembly,  
42 each of whom shall serve for a term of 3 years.  
43

44 **12.80.090 Obligation for payment of tax; disposition of excess**  
45 **collections; liability for uncollected taxes.**  
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- A. The purchaser is obligated to pay the aggregated sales and use tax under this chapter, and the sales tax shall be collected by the seller at the time of the sale transaction or acquisition. The tax rate is applied to the selling price.
  - 1. If a purchaser produces a certificate of exemption issued or recognized by the municipality at the time of the sale transaction, the seller shall not collect the tax. The seller shall retain verification of the exempt status of the transaction in its records. If no verification is retained, the seller is liable for the uncollected taxes.
  - 2. If the purchaser does not produce an exemption certificate, but the transaction is in fact exempt under federal, state, local or other law, the seller is not liable for the uncollected tax, provided verification of the purchaser's exemption is retained in the seller's records or otherwise readily available and reported to the department.
  - 3. Any uncollected sales tax under this subsection, which should have been collected, is a liability of the seller.
  - 4. If the selling price cannot be determined for purposes of calculating the amount of sales and use tax, the fair market value at the time of sale shall be subject to the sales and use tax.
- B. All sales taxes collected pursuant to this chapter are municipal funds for which the seller is liable to the extent permitted by law to the municipality. The seller is liable for all monies collected from the purchaser as sales tax in excess of the tax imposed by section 12.80.010. The seller shall make reasonable efforts to return excess tax collected to the purchaser. If the seller is unable to return it, the excess tax collected shall be reported and remitted to the municipality with the regular tax return.
- C. Any person acquiring an ownership interest in the accounts receivable of a business, whether by purchase, foreclosure, or otherwise, shall also be liable for the payment of taxes, penalties, interest, fees and costs accruing and unpaid to the municipality from those accounts receivable.
- D. Any person acquiring an ownership interest in an ongoing business, whether by purchase, foreclosure or otherwise, shall also be liable to the extent permitted by law for the payment of any taxes, penalties,

1 interests, fee or costs owed to the municipality for taxes collected by  
2 the former owner or seller of the business.

3  
4 E. The president and any officer, member, manager or agent of a  
5 corporation or limited liability company with control of, supervision of,  
6 or charged with the responsibility of filing sales and use tax returns or  
7 remitting sales taxes is personally liable for any unpaid taxes,  
8 penalties, interest, fees and costs accruing and unpaid to the  
9 municipality. Dissolution of, or sale of, or other change in the form of  
10 the corporation or company does not discharge this personal liability.

11  
12 F. The municipality may pursue collection of unpaid and unremitted taxes  
13 as provided in this chapter.

14  
15 **12.80.100 Alaska Remote Seller Sales Tax Code, adoption.**

16  
17 The municipality hereby adopts and incorporates herein by reference the  
18 Remote Seller Sales Tax Code, published by the Alaska Remote Sellers  
19 Sales Tax Commission, in its entirety as it pertains to collection of sales tax  
20 from remote sellers and marketplace facilitators. In case of a conflict  
21 between the Remote Seller Sales Tax Code and this chapter, for transactions  
22 by sellers within the municipality this chapter shall govern, and for  
23 transactions by remote sellers the Remote Seller Sales Tax Code shall  
24 govern.

25  
26 **12.80.110 Presumption of taxability; sales price and value.**

27  
28 A. To prevent evasion of the aggregated sales and use tax and to aid in  
29 its administration, it is presumed:

- 30  
31 1. All sales of goods or services by a person engaging in business  
32 in the municipality are subject to the tax, unless exempt by this  
33 chapter; and  
34  
35 2. All goods or services purchased or sold by any person for  
36 delivery into the municipality are purchased or sold for a taxable  
37 use in the municipality.

38  
39 B. For purposes of this section, the sales price or value of property,  
40 goods or services shall be determined as of the time of acquisition,  
41 introduction into the municipality, or conversion to use, whichever is  
42 latest.

43  
44 C. If the department has reasonable cause to believe a seller structured  
45 a transaction to avoid collecting or remitting the tax levied under this

chapter, there is a rebuttable presumption that the substance of the transaction is a taxable sale under this chapter.

**12.80.110 Timely filing allowance, seller reimbursement for collection costs and confidentiality of information.**

- A. A seller authorized to collect the aggregated sales tax under this chapter and who is in otherwise full compliance with this chapter may retain three percent (3%) of the tax collected, up to a maximum of \$3,000 in a calendar year, for purposes of offsetting a portion of the costs incurred by the seller in collecting the tax for the municipality, provided the seller's tax return and full remittance is received by the department on or before the due date.
- B. If the seller is not in full compliance with this chapter, the seller is not eligible for and may not retain the three percent (1.5%) costs offset.
- C. A seller is not in full compliance if the seller:
1. has an account with a past-due balance, or
  2. has a missing or incomplete return outstanding, or
  3. is in any manner not in compliance with a municipally approved payment plan.
- D. The seller shall report on each tax return the amount retained under this section for that reporting period, and the total amount retained in the calendar year up to the last day of the reporting period.
- E. Confidentiality of information.
1. The records of the seller retained pursuant to this chapter shall be considered proprietary and confidential and shall not be disclosed to any person except employees and agents of the Municipality acting in their official capacity and then only for purposes reasonably related to the collection and remittance of the sales and use tax.
  2. Notwithstanding subsection a., the department may, at its discretion for the sole purpose of enforcing this chapter, share any and all sales and use tax returns, registration information or other data gathered under this chapter with other federal, state and municipal tax collection agencies and other government agencies only as necessary to enforce this chapter, collect tax monies, or perform an audit.

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3. Violation of this section or aiding violation of this section is a Class B misdemeanor.

**Section 4.** Anchorage Municipal Code section 12.25.030 is hereby amended to read as follows (*the remainder of the chapter is not affected and therefore not set out*):

**12.25.030 Ballot information; establishment of baseline.**

A. *Ballot information.* In the interest of better citizen understanding of the impacts of their approval of special projects and programs, all municipal programs or projects placed on the ballot soliciting voter approval, except those Municipal Area Projects (MAPs) approved by the voters and listed in chapter 12.80, will include for approval an estimation of operation and maintenance costs for the first full year of operation.

\*\*\*      \*\*\*      \*\*\*

(AO No. 84-208(S-A))

**Section 5.** The full text of Sections 2 and 3 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 6.** The Charter amendments set forth in the proposition in Section 2 and the Code amendments set forth in Sections 3 and 4 of this ordinance shall become effective on July 1, 2025, 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 1, 2025. The remainder of this ordinance shall be effective upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
Chair

ATTEST:

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



# MUNICIPALITY OF ANCHORAGE ASSEMBLY MEMORANDUM

No. AM 1020-2024

Meeting Date: December 17, 2024

1 **From: Assembly Member Martinez**

2  
3 **Subject: AO No. 2024-105(S-3) - AN ORDINANCE OF THE ANCHORAGE**  
4 **MUNICIPAL ASSEMBLY PROPOSING A DEDICATED [PROPERTY] TAX AND**  
5 **ECONOMIC DEVELOPMENT MEASURE TO BE SUBMITTED TO THE**  
6 **QUALIFIED VOTERS OF THE MUNICIPALITY THAT WOULD ENACT A SALES**  
7 **AND USE TAX OF ONE AND ONE-HALF [THREE] PERCENT (1.5[3]%) IN THE**  
8 **AGGREGATE ON THE SALE OF GOODS AND SERVICES WITHIN THE**  
9 **MUNICIPALITY, WITH CERTAIN EXEMPTIONS, A MAXIMUM TAX AMOUNT**  
10 **PER TRANSACTION, COMPRISED OF [A TWO PERCENT (2%) TAX**  
11 **DEDICATED FOR THE SOLE PURPOSE OF REDUCING PROPERTY TAXES**  
12 **PROPORTIONATELY THROUGHOUT THE MUNICIPALITY WITHIN THE “TAX**  
13 **CAP” CALCULATION, AND] A ONE PERCENT (1%) TAX OUTSIDE OF THE TAX**  
14 **CAP DEDICATED FOR ESTABLISHMENT OF A TRUST FUND TO PAY FOR**  
15 **VOTER APPROVED CAPITAL PROJECTS KNOWN AS MUNICIPAL AREA**  
16 **PROJECTS (MAPs); WITH THE REMAINING ONE-HALF PERCENT (0.5%)**  
17 **DEDICATED TO THE COSTS OF ADMINISTRATION, COLLECTION AND AUDIT**  
18 **OF THESE SALES AND USE TAXES AND ANY REMAINDER AVAILABLE FOR**  
19 **ANY PUBLIC PURPOSE [SHALL BE SHARED PROPORTIONALLY BETWEEN**  
20 **THE TAXES]; PROVIDING FOR A MAPs CITIZENS ADVISORY BOARD;**  
21 **PROVIDING A LIMITED TERM OF SEVEN (7) YEARS FOR THE AGGREGATED**  
22 **1.5% [3%] SALES AND USE TAX LEVY; AMENDING ANCHORAGE MUNICIPAL**  
23 **CODE CHAPTER 12.25 REGARDING THE TAX INCREASE LIMITATION;**  
24 **ADDING A NEW CHAPTER TO THE ANCHORAGE MUNICIPAL CODE TO**  
25 **PARTIALLY IMPLEMENT THIS TAX REVENUE DIVERSIFICATION MEASURE;**  
26 **AND PROVIDING FOR TRANSITION PROCEDURES AND EFFECTIVE DATES.**  
27

28  
29 **Purpose of the Ordinance:**

30 AO 2024-105(S-3) proposes a Charter amendment for submission to voters at the  
31 April 1, 2025, regular election. If approved, the amendment will authorize a  
32 temporary, aggregated 1.5% sales and use tax for goods and services within the  
33 Municipality of Anchorage.  
34

35 The ordinance is designed to reduce reliance on residential property taxes while  
36 funding core community projects and operations. Revenue generated will be  
37 allocated as follows:

- 38 1. **1% Sales Tax:** Dedicated to a trust fund supporting voter-approved  
39 Municipal Area Projects (MAPs), such as:
  - 40 • Road, street, and sidewalk maintenance.
  - 41 • Improved lighting and public safety.
  - 42 • Snow removal and storage operations.
- 43 2. **0.5% Sales Tax:** Covers administrative costs, with any remaining funds  
44 directed to general government purposes.

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**Key Features:**

- **Sunset Clause:** The tax will expire seven full years after implementation, ensuring time-limited application.
- **Exemptions and Limitations:** Exemptions include food, medical services, and transactions by low-income households. Only the first \$1,000 of a purchase transaction is taxable.
- **Community Oversight:** A MAPs Citizens Advisory Board will oversee project expenditures and prioritization.
- **Revenue Management:** Establishes a MAPs trust fund to ensure financial sustainability for approved projects.

**Rationale:**

This ordinance addresses community desires to diversify Anchorage's tax base. It also seeks to combat population decline by funding core projects that enhance livability, infrastructure, and economic vitality. The proposed sales tax aligns with similar measures successfully implemented in other Alaskan municipalities.

**I request your support for the ordinance.**

Prepared by: Assembly Counsel's Office

Respectfully submitted: George Martinez, Assembly Member  
District 5 – East Anchorage