

(S) Submitted by: Assembly Member Sulte
Assembly Member Rivera
(S) Reviewed by: Assembly Counsel's Office
Finance Department
Department of Law
Office of Management &
Budget
(S) For reading: December 17, 2024

**ANCHORAGE, ALASKA
AO No. 2024-105(S)***

(NOTE: this (S) version is presented without legislative drafting markup from the original AO text, except to the title, 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 SALES [~~PROPERTY~~] TAX AND ECONOMIC DEVELOPMENT
3 MEASURE TO BE SUBMITTED TO THE QUALIFIED VOTERS OF THE
4 MUNICIPALITY THAT WOULD ENACT A SALES AND USE TAX OF THREE
5 PERCENT (3%) IN THE AGGREGATE ON THE SALE OR USE OF GOODS AND
6 SERVICES WITHIN THE MUNICIPALITY, WITH CERTAIN EXEMPTIONS, A
7 MAXIMUM TAX AMOUNT PER TRANSACTION, COMPRISED OF A TWO
8 PERCENT (2%) TAX FOR THE SOLE PURPOSE OF REDUCING PROPERTY
9 TAXES PROPORTIONATELY THROUGHOUT THE MUNICIPALITY WITHIN THE
10 "TAX CAP" CALCULATION, AND A ONE PERCENT (1%) TAX OUTSIDE OF
11 THE TAX CAP DEDICATED FOR ESTABLISHMENT OF A TRUST FUND TO
12 PAY FOR VOTER APPROVED CAPITAL PROJECTS KNOWN AS MUNICIPAL
13 AREA PROJECTS (MAPs); COSTS OF ADMINISTRATION, COLLECTION AND
14 AUDIT OF THESE SALES AND USE TAXES SHALL BE SHARED
15 PROPORTIONALLY BETWEEN THE TAXES; PROVIDING FOR A MAPs
16 CITIZENS ADVISORY BOARD; PROVIDING A LIMITED TERM OF SEVEN
17 (7) YEARS FOR THE AGGREGATED 3% SALES AND USE TAX
18 LEVY; AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER 12.25
19 REGARDING THE TAX INCREASE LIMITATION; ADDING A NEW CHAPTER TO
20 THE ANCHORAGE MUNICIPAL CODE TO PARTIALLY IMPLEMENT THIS TAX
21 REVENUE DIVERSIFICATION MEASURE; AND PROVIDING FOR TRANSITION
22 PROCEDURES AND EFFECTIVE DATES.

23
24 **WHEREAS**, there has been a desire by the community to reduce property taxes
25 and a desire to diversify our tax base by ensuring non-residents who purchase
26 goods, consume services, benefit from public safety services, and use public
27 facilities and streets within the Municipality primarily funded through residential
28 property tax revenue will contribute to their provision and upkeep within the
29 Municipality of Anchorage; and
30

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

1 predict this decline will continue; and

2
3 **WHEREAS**, there is a desire to revitalize Anchorage through Municipal Area
4 Projects (MAPs) that will attract and retain residents, increase resident and visitor
5 enjoyment, and enhance the livability of Anchorage; and

6
7 **WHEREAS**, to reduce the regressive effect of a general retail sales tax, exemptions
8 will be provided for common and necessity transactions; and

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

15
16 **WHEREAS**, there will be a \$1,000 cap on the amount of a purchase transaction
17 subject to the sales and use taxes, limiting the amount of tax paid to a maximum of
18 \$30 per transaction; and

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

23
24 **WHEREAS**, forecasted annual revenue from the tax, based on conservative
25 estimates, is expected to be \$180 million with two-thirds going to property tax relief
26 and, one-third going to Municipal Area Projects approved by the voters after
27 payment of costs of administration, collection and audit of the tax; and

28
29 **WHEREAS**, the amount of property tax relief is forecasted to be 16% or
30 approximately \$265 for each \$100,000 assessed home value in the Municipality,
31 which is a reduction of approximately ~\$1,195 to the property tax bill for an average
32 home valued at \$450,000; and

33
34 **WHEREAS**, Municipal Area Projects would have oversight provided by a MAPs
35 Citizen Advisory Board when appointed by the Mayor and confirmed by the
36 Assembly; and

37
38 **WHEREAS**, a sales and use tax is not new to Alaska with sales taxes, along with
39 use tax in some instances, implemented in Juneau, Kenai, Homer, Ketchikan,
40 Kodiak, Palmer, Seward, Soldotna, Wasilla and other jurisdictions; and

41
42 **WHEREAS**, MAPs will be required to have 80% of funding in place prior to the
43 commencing of field or site work in order to ensure projects are funded from MAPs
44 Fund and Trust reserves; and

45
46 **WHEREAS**, under this proposal the MAPs Fund and Trust reserves shall not be

1 used to secure general obligation bond debt; now, therefore

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

7
8 **Section 2.** A ballot proposition shall be presented in substantially the following
9 form:

10
11 **PROPOSITION NO. _____**
12 **PROPERTY TAX REDUCTION AND ECONOMIC DEVELOPMENT**
13 **MEASURE:**
14 **CHARTER AMENDMENT AND ORDINANCE TO AUTHORIZE THE LEVY**
15 **OF A 3% SALES AND USE TAX, COMPRISED OF 2% FOR PROPERTY**
16 **TAX REDUCTION UNDER THE "TAX CAP," AND 1% DEDICATED TO**
17 **VOTER APPROVED CAPITAL PROJECTS**

18
19 The proposed Charter Amendment and Assembly Ordinance 2024-_____
20 would authorize and enact a seven (7) calendar year term-limited aggregated
21 three percent (3%) sales and use tax on the sale or use of goods and services
22 within the Municipality of Anchorage, with certain specified exemptions. This
23 is comprised of two separate sales and use tax levies for separate purposes:

24
25 (1) A two percent (2%) sales and use tax for the reduction of property taxes
26 under the tax cap. The full amount of this tax revenue, after the costs of
27 administration, collection and audit, shall reduce the amount of property
28 taxes the Municipality collects, dollar for dollar. This is estimated to reduce
29 the overall property tax burden by approximately \$120 million, or about 16%
30 of an average property tax bill.

31
32 (2) A one percent (1%) tax dedicated to fund community infrastructure
33 projects excluded from the Tax Cap calculation and known as Municipal Area
34 Projects (MAPs) approved by the voters. The amount of this tax revenue after
35 the costs of administration, collection and audit, and is solely dedicated to
36 funding of MAPs projects approved by the voters, listed in this proposition.
37 This is estimated to produce approximately \$60 million in annual revenue.

38
39 The tax shall be first levied no earlier than July 1, 2026 and no later than July
40 1, 2027, the actual date of levy to be determined by the Assembly. For the
41 first partial calendar year the sales and use tax is levied, the Municipality will
42 also collect property taxes without reduction.

43
44 The following MAP capital investments, identified by Anchorage residents,
45 are authorized to be designed, constructed, acquired, maintained and
46 operated pursuant to this proposition and the Charter amendments:

1
2 Projects (detailed descriptions are attached to AO 2024-____):

- 3 1. Public Safety Vehicle Fleet - replace vehicles to improve public
4 safety response capabilities.
- 5 2. Snow Plowing and Removal Heavy Equipment Fleet - improve snow
6 plowing by replacing aging equipment.
- 7 3. Kincaid Trailside Facility – full-service indoor facility with space for
8 year-round recreation amenities like food and beverage concessions,
9 outdoor gear rentals, and gathering space.
- 10 4. Goose Lake Trailside Facility – replacement of existing structure with
11 full-service indoor facility with space for year-round recreation ameni-
12 ties like food and beverage concessions, outdoor gear rentals, and
13 gathering space.
- 14 5. Westchester Lagoon Trailside Facility - full-service indoor facility
15 with space for year-round recreation amenities like food and bever-
16 age concessions, outdoor gear rentals, and gathering space.
- 17 6. Downtown Arts and Entertainment Redevelopment – upgrade the
18 Performing Arts Center and improve downtown core pedestrian
19 experience with lighting, wayfinding, walkways, and other pedestrian
20 infrastructure.
- 21 7. East Anchorage Sports Center – indoor sports center including an
22 indoor track, open turf space, court space, and other features.
- 23 8. Anchorage Children’s Museum – a facility offering exhibits and
24 programs designed for children.
- 25 9. Chester Creek Sports Complex Redevelopment – a sports facility
26 offering indoor space and other amenities complementing the area’s
27 revitalization.
- 28 10. Eagle River Sports Center – indoor sports center including a track,
29 open turf space, court space, and other features for sporting
30 activities.
- 31 11. Girdwood Arts & Recreation District – a community space for art,
32 special events, and an RV park.

33
34 This Property Tax Reduction and Economic Development Measure would
35 amend Anchorage Municipal Charter Section 14.03 and add new Section
36 14.08 as follows (new language proposed is shown in **bold and underlined**;
37 language to be deleted is shown with [~~strikeout in bold and brackets~~):

38
39 **Section 14.03. - Tax increase limitation.**

- 40
41 (a) Except as provided in this section, the total amount of municipal
42 tax that can be levied during a fiscal year shall not exceed the total
43 amount approved by the assembly for the preceding year by more
44 than a percentage determined by adding the average percentage
45 increase in the Federal Consumer Price Index for Anchorage from
46 the preceding five fiscal years plus the average percentage growth

1 or loss in the Anchorage municipal population over the preceding
2 five fiscal years as determined by the state department of
3 community and regional affairs.

4 (1) The "total amount of the municipal tax that can be levied
5 during a fiscal year" and the "total amount approved by the
6 assembly for the preceding year" in subsection (a) of this
7 section shall include all payments in-lieu of taxes paid or to
8 be paid by any Municipality of Anchorage utility,
9 department, agency or public corporation or authority.

10 (2) The "total amount approved by the assembly for the
11 preceding year" shall be the total amount of the taxes and
12 payments in-lieu of taxes approved by the assembly for
13 collection in the preceding year.

14
15
16 **(3) For the calendar year that begins following the initial**
17 **levy of the tax under Charter § 14.08(a), the "total**
18 **amount of the municipal tax that can be levied during**
19 **[the] fiscal year" shall be reduced by an amount equal**
20 **to the net receipts of the two percent (2%) sales and use**
21 **tax collected pursuant to Charter § 14.08(a) in the year**
22 **said tax is first levied.**

23
24 **(4) For the calendar year after the one in subsection (3) and**
25 **continuing for seven calendar years, "the total amount**
26 **approved by the assembly for the preceding year" shall**
27 **include the net receipts of the two percent (2%) sales**
28 **and use tax collected pursuant to Charter § 14.08(a) the**
29 **year prior to the year for which the increase limitation**
30 **is calculated; and the resulting "total amount of the**
31 **municipal tax that can be levied during [the] fiscal year"**
32 **shall be adjusted by the same amount.**

33
34 (b) The limitations set forth in subsection (a) do not apply to the following:

35 (1) Taxes on new construction or property improvements which
36 occur during the current fiscal year.

37 (2) Taxes required to fund additional services mandated by voter
38 approved ballot issues.

39 (3) Special taxes authorized by voter approved ballot issues.

40 (4) Taxes required to fund the costs of judgments entered against
41 the municipality or to pay principal or interest on bonds,
42 including revenue bonds.

43 (5) Taxes required to fund the cost of an emergency ordinance
44 enacted pursuant to 10.03 of the Municipal Charter.

45 (6) Taxes imposed pursuant to Charter § 14.06 prior to 2019 and
46 subsequent to 2023.

1 **(7) Taxes imposed pursuant to Charter § 14.08(b).**
2
3

4 (c) Any tax increases which result from the exceptions set forth in
5 subsection (b)(1)— (3) shall be added to the base amount which is
6 used in subsection (a) for the calculations of the subsequent year tax
7 increase limit. Taxes collected pursuant to Charter § 14.06 in 2018
8 shall be added to the base amount which is used in subsection (a) for
9 calculations of the 2019 tax increase limit. Taxes collected pursuant
10 to Charter § 14.06 in 2024 and subsequent years shall be in addition
11 to taxes that can be levied pursuant to this section. To ameliorate the
12 effect of excepting taxes in subsection (b)(6) subsequent to 2023, the
13 total amount of municipal tax that can be levied as calculated under
14 subsection (a) for 2024 only shall be reduced by one million dollars.

15 *** *** ***

16
17 **Section 14.08. - Sales and Use Tax; Property Tax Reduction and**
18 **Dedication to Capital Investments.**
19

20 **(a) The assembly is hereby authorized to levy, to the extent**
21 **provided by law, a two percent (2%) tax on the sale and use of**
22 **goods and services within the municipality, with exemptions**
23 **as provided by law. The proceeds of the 2% sales and use tax**
24 **authorized by this section in one fiscal year, after payment of**
25 **two-thirds of the costs of administration, collection and audit**
26 **to the municipality, are to be used in place of property taxes in**
27 **the following year for any public purpose. The taxes collected**
28 **used for payment of two-thirds of the costs of administration,**
29 **collection and audit of the taxes authorized by this section**
30 **shall be "special taxes" under Charter § 14.03(b).**
31

32 **(b) In addition to the tax authorized by subsection (a), the**
33 **assembly is hereby authorized to levy a one percent (1%) tax**
34 **on the sale and use of goods and services within the**
35 **municipality dedicated to funding Municipal Area Projects**
36 **(MAPs). Each MAP shall be approved a majority of the qualified**
37 **voters voting on the question. This tax shall be levied at the**
38 **same time, in the same manner, and with identical exemptions**
39 **as the tax authorized by subsection (a). The net receipts from**
40 **this one percent (1%) sales and use tax, after payment of one-**
41 **third of the costs of administration, collection and audit to the**
42 **municipality for the taxes authorized by this section, shall be**
43 **dedicated to investments for purposes of using earnings to**
44 **pay the costs for operations, maintenance and safety for**
45 **constructed MAPs and related improvements, and to funding**
46 **development and construction costs of MAPs.**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44

(1) The net proceeds dedicated above shall be used to establish a trust fund and be deposited therein. The assembly shall establish by ordinance a level of trust fund assets reasonable and necessary to hold in reserve for investment earnings sufficient to be available during the economic life of any constructed MAPs project for the costs of operations, maintenance and safety improvements. The assembly may authorize draws from the trust by ordinance, with the following stipulations:

(i) Investment earnings are first used for payment of costs for operations, maintenance and safety improvements for constructed MAPs and related improvements. Investment earnings unencumbered at the end of the fiscal year shall become part of the trust corpus.

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

(iii) Appropriations from the trust corpus may not cause the balance to fall below the trust reserve level established by the assembly in accordance with this section.

(2) The assembly shall establish an investment policy for the Trust Fund and Reserves by ordinance. The assembly may enact such additional provisions, not inconsistent with this section, as necessary or desirable to implement this section.

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

(d) Notwithstanding Charter §§ 14.06 and 14.07, the taxes levied under this section apply to goods taxed by those sections, unless exempted by the assembly by ordinance.

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 (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 (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 3% sales and
3 use tax, and the MAPs listed above be authorized?
4

5 YES

6 NO

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 Property Tax Relief 2% 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
32

33 **12.80.10 Aggregated sales and use tax.**

- 34
35 A. *Sales Tax Imposed.* An aggregated sales tax of 3% 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 two percent (2%) for property
39 tax relief, and one of one percent (1%) for funding Municipal Area
40 Projects, as authorized by Charter § 14.08.
41
42 B. *Use Tax Imposed.* A use tax at the same rate as the sales tax in
43 subsection A., for the privilege of use within the municipality, is hereby
44 levied on the person using the following goods acquired on or after the
45 effective date of initial levy of the sales tax authorized by this section:
46

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

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. *Property Tax Reduction.* A purpose of this chapter is to provide property tax relief to the property owners of the municipality. The net receipts of the two percent (2%) sales and use tax, after payment of two-thirds (2/3) of the costs of administration and collection for sales and use taxes, shall be applied to reduce property taxes uniformly throughout the municipality so the benefits of the reduction in property taxes are shared throughout the municipality. The two percent (2%) sales and use tax obtained by the municipality in one fiscal year shall be restricted to application to the following fiscal year's budget by appropriations for any public purpose. The amount of the two percent (2%) sales and use tax obtained by the municipality in one fiscal year

1 shall be included in the tax increase limitation computation for the next
2 fiscal year as an offset amount of the real and personal property taxes
3 to be collected for that fiscal year.
4

5 B. *Municipal Area Projects (MAPs)*: A purpose of this chapter is to
6 provide funding for Municipal Area Projects (MAPs) recommended
7 and desired by the public. The net receipts of the one percent (1%)
8 sales and use tax, after payment of the one-third (1/3) of costs of
9 administration and collection for sales and use taxes, shall be
10 dedicated and restricted to funding of Municipal Area Projects for the
11 benefit of the Municipality, including trust fund reserves to generate
12 investment earnings to pay for operations, maintenance, and safety
13 improvements. No project shall commence construction until a
14 minimum of 80% of funding required for that project has been
15 appropriated. MAPs fund and trust reserves shall not be used to
16 secure general obligation bond debt.
17

18 C. The costs of administration, collection and audit of the total
19 aggregated sales and use tax shall be paid proportionally out of the
20 proceeds from both parts of the aggregated sales and use tax.
21

22 D. The operations, maintenance and safety for constructed and related
23 improvements under Section 12.80.020B. shall be paid out of the
24 proceeds from the one percent (1%) sales and use tax.
25

26 **12.80.025 - Interpretation.**
27

28 A. The tax levied by this chapter applies to all sales, rentals and services
29 except those that this chapter expressly exempts from the tax.
30

31 B. The application of the tax levied under this chapter shall be broadly
32 construed and shall favor inclusion rather than exclusion.
33

34 C. The exemptions from the tax levied under this chapter shall be
35 narrowly construed against the claimant and in favor of taxation.
36

37
38 **12.80.030 Definitions.**
39

40 The following words, terms and phrases, when used in this chapter, shall
41 have the meanings ascribed to them in this section, except where the context
42 clearly indicates a different meaning:
43

44 ***Certificate of Exemption*** shall mean a certificate issued by the
45 municipality to a person qualifying as an "Exempt Purchaser" of goods
46 and services, reseller, or other person-based exemption . The

1 certificate shall be provided at the time of the sales transaction in order
2 to obtain the permitted exemption.

3
4 **Chief Fiscal Officer** shall mean the chief fiscal officer of the
5 municipality, or designee.

6
7 **Contraceptives** shall mean any device or method for preventing
8 fertilization, or a term product of conception Types Barrier methods—
9 condoms, diaphragms, hormone combinations, spermicides,
10 implantable hormonal devices, RU-486, etc.

11
12 **Counseling Services** shall mean all services provided to an
13 individual taxpayer by a psychologist or psychological associate,
14 psychiatrist, clinical social worker, substance abuse counselor, or a
15 marital and/or family therapist, licensed or certified to provide such
16 services by the State of Alaska.

17
18 **Department** shall mean the finance department of the municipality.

19
20 **Exemption** shall mean a buyer or seller is exempt under a provision
21 of this chapter, or the sale itself is exempt under a provision of this
22 chapter.

23
24 **Food and food ingredients** shall mean substances, whether in liquid,
25 concentrated, solid, frozen, dried, or dehydrated form, that are sold for
26 ingestion or chewing by humans and are consumed for their taste or
27 nutritional value. "Food and food ingredients" does not include
28 "alcoholic beverages" or "tobacco."

29
30 **Prepared Food shall mean:**

- 31 (i) Food sold in a heated state or heated by the seller;
32 (ii) Two or more food ingredients mixed or combined by the seller for
33 sale as a single item; or
34 (iii) Food sold with eating utensils provided by the seller, including
35 plates, knives, forks, spoons, glasses, cups, napkins, or straws. A
36 plate does not include a container or packaging used to transport the
37 food.

38
39 **Goods** shall mean all tangible personal property that can be seen,
40 weighed, measured, felt, or touched, or that is in any other manner
41 perceptible to the senses. "Tangible personal property" includes
42 electricity, water, gas, steam, and prewritten computer software.

43
44 **Grooming and hygiene products** are soaps and cleaning solutions,
45 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan lotions

1 and screens, regardless of whether the items meet the definition of
2 "over-the-counter-drugs."
3

4 **Household Exemption** shall mean the exemption of households with
5 annual income at or below federal level of eighty-percent (80%)
6 poverty from the provisions of this sales and use tax.
7

8 **Legal Services** shall mean all services provided to an individual
9 taxpayer by a lawyer or paralegal or any other individual licensed or
10 certified by the State of Alaska to provide legal services.
11

12 **MAPs Citizen Advisory Board** shall mean a board comprised of
13 Municipal Citizens as established in this chapter.
14

15 **Medical Services** shall mean all services provided to an individual
16 taxpayer by a physician, osteopath, chiropractor, dentist, registered or
17 practical nurse, physician's assistant, certified nurse's aide,
18 paramedic, emergency medical technician, naturopath, optometrist,
19 audiologist, hospital, midwife, birth center, occupational therapist,
20 physical therapist, or any other person certified or licensed by the state
21 of Alaska to provide health care services.
22

23 **Menstrual Hygiene Products** shall mean tampons, panty liners,
24 menstrual cups, pads, and other similar tangible personal property
25 designed for use in connection with the human menstrual cycle,
26 contraceptives, but does not include "grooming and hygiene products"
27 as defined in this section.
28

29 **Municipal Area Projects (MAPs)** shall mean capital projects as
30 defined by municipal code or capital investments that will have benefit
31 to the Municipality of Anchorage with measurable improvements for
32 the immediate and long-term livability of Anchorage.
33

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

- 38 A. "Drug Facts" panel; or
39 B. A statement of the "active ingredient(s)" with a list of those ingredi-
40 ents contained in the compound, substance or preparation.
41

42 **Nonprofit Organization** shall mean a business or organization that
43 has been granted tax-exempt status by the Internal Revenue Service.
44
45

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

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 by a duly licensed practitioner authorized by the laws of the state.

Purchaser shall mean a person to whom a sale is made.

Real Property shall mean land, whether subdivided or not, all buildings, structures, improvements and fixtures of any kind thereon, and all possessory rights and privileges belonging and pertaining thereto.

Resale shall mean:

- A. the sale of goods by a manufacturer, wholesaler or distributor to a retail vendor; sales to a wholesale or retail dealer who deals in the property sold, for the purpose of resale by the dealer.
- B. Sales of personal property as raw material to a person engaged in manufacturing components for sale, where the property sold is consumed in the manufacturing process of, or becomes an ingredient or component part of, a product manufactured for sale by the manufacturer.
- C. Sale of personal property as construction material to a licensed building contractor where the property sold becomes part of the permanent structure.

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

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

3
4 **Selling price** applies to the measure subject to sales and use tax and
5 means the total amount of consideration, including cash, credit,
6 property, and services, for which personal property or services are
7 sold, leased, or rented, valued in money, whether received in money
8 or otherwise, without any deduction for the following:

- 9
10 a. The cost of materials used, labor or service cost,
11 interest, losses, all costs of transportation to the seller,
12 all taxes imposed on the seller, and any other expense
13 of the seller;
14 b. Charges by the seller for any services necessary to
15 complete the sale, other than delivery and installation
16 charges;
17 c. Delivery charges;
18 d. Installation charges; and
19 e. Credit for any trade-in, as determined by state law.

20
21 **Tax Payer** shall mean any person responsible for the payment of any
22 sales or use tax as required by this chapter.

23
24 **12.80.040 Property Tax Relief 2% sales and use tax.**

25
26 The two percent (2%) sales and use tax levied by Section 12.80.010 and
27 authorized by Charter § 14.08(a), after two-thirds (2/3) of the costs of
28 administration, collection, and audit to the municipality for the tax, is solely
29 dedicated to reduction of property taxes by substitution. The department
30 shall implement this section.

31
32 **12.80.050 Municipal Area Projects 1% sales and use tax.**

33
34 A. The net receipts of the one percent (1%) sales and use tax levied by
35 section 12.80.010 and authorized by Charter § 14.08(b) for Municipal
36 Area Projects, after payment or transfer for one-third (1/3) of the costs
37 of administration, collection, and audit to the municipality for the tax,
38 shall be deposited in the MAPs trust fund and managed and
39 administered in accordance with this chapter.

40
41 B. Projects to be funded: The net receipts of the MAPs 1% sales and use
42 tax funds available for funding MAPs projects may be expended only
43 for the following limited purposes (the "projects") approved by the
44 voters by Proposition at the April 2025 election:
45

- 1 1. Public Safety Vehicle Fleet - replace vehicles to improve public
2 safety response capabilities.
- 3 2. Snow Plowing and Removal Heavy Equipment Fleet - improve snow
4 plowing by replacing aging equipment.
- 5 3. Kincaid Trailside Facility – full-service indoor facility with space for
6 year-round recreation amenities like food and beverage concessions,
7 outdoor gear rentals, and gathering space.
- 8 4. Goose Lake Trailside Facility – replacement of existing structure with
9 full-service indoor facility with space for year-round recreation ameni-
10 ties like food and beverage concessions, outdoor gear rentals, and
11 gathering space.
- 12 5. Westchester Lagoon Trailside Facility - full-service indoor facility
13 with space for year-round recreation amenities like food and
14 beverage concessions, outdoor gear rentals, and gathering space.
- 15 6. Downtown Arts and Entertainment Redevelopment – upgrade the
16 Performing Arts Center and improve downtown core pedestrian
17 experience with lighting, wayfinding, walkways, and other pedestrian
18 infrastructure.
- 19 7. East Anchorage Sports Center – indoor sports center including an
20 indoor track, open turf space, court space, and other features.
- 21 8. Anchorage Children’s Museum – a facility offering exhibits and
22 programs designed for children.
- 23 9. Chester Creek Sports Complex Redevelopment – a sports facility
24 offering indoor space and other amenities complementing the area’s
25 revitalization.
- 26 10. Eagle River Sports Center – indoor sports center including a track,
27 open turf space, court space, and other features for sporting
28 activities.
- 29 11. Girdwood Arts & Recreation District – a community space for art,
30 special events, and an RV park.
- 31
- 32 C. Additional or substituted projects must be placed on the ballot and
33 approved by voters with a vote of 50% plus one.
- 34
- 35 D. No more than 10% of the net receipts of the MAPs 1% sales and use
36 tax funds shall be used to fund vehicle and heavy equipment fleet
37 investments. A minimum of 5% and not more than 15% of the net
38 receipts of the MAPs 1% sales and use tax funds shall be invested to
39 fund the operations, maintenance and safety costs of MAPs projects.
- 40
- 41 E. There is hereby established a limited purpose tax fund to be known as
42 the "Municipal Area Projects Tax Trust Fund" into which all revenues
43 collected pursuant to Subsection 12.80.040A. above shall be
44 deposited. Monies in said limited-purpose Trust Fund shall be
45 accumulated from year-to-year. Monies in said limited purpose trust
46 fund shall be expended only as accumulated and only for the limited

1 purposes (projects and administration, collection, audit, long term
2 operations, maintenance and safety for constructed and related
3 improvements) described in Charter § 14.09.
4

5 **12.80.060 MAPs Citizen Advisory Board.**
6

7 A. There is hereby authorized the establishment of a MAPs Citizen
8 Advisory Board to review proposed and actual expenditures of such
9 monies from the MAPs Tax Trust Fund and submit recommendations
10 to the assembly and mayor regarding such expenditures, the order of
11 projects funded, and modifications to the list of tax exemptions. The
12 board must be seated and hold its first meeting with quorum at least
13 60 days prior to expenditure of any monies from the MAPs Tax Trust
14 Fund
15

- 16 1. The formation of the Board shall be at the discretion of the
17 Mayor with appointment approval by the Assembly.
18
- 19 2. The board shall have seven (7) members, appointed by the
20 mayor and confirmed by the assembly, who shall serve for a
21 term of 3 years.
22
- 23 3. The board shall recommend to the mayor and assembly the
24 priority order in which projects should be funded through
25 appropriations as required by the Charter § 14.08.
26
- 27 4. The board shall recommend appropriations for operations,
28 maintenance, security and safety for constructed and related
29 improvements as required by Charter Amendment.
30
- 31 5. The board shall at least on an annual basis provide a report to
32 the mayor and assembly on the status of the tax and any
33 exemptions that they recommend be added, deleted, or
34 changed.
35

36 **12.80.070 Non-taxable sales, exclusions and exemptions.**
37

38 A. The following sales are not taxable under this chapter under state or
39 federal law:
40

- 41 1. Sales to or uses by an agency of the United States government,
42 an instrumentality of the State of Alaska as that term is defined
43 in AS 39.52.960, a municipality or school district, including the
44 Anchorage School District, a Regional Housing Authority
45 created pursuant to A.S.18.55.996, or a Native entity or tribe
46 included on the federal list published under 25 U.S.C. 5131.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45

2. Sales to or uses by foreign diplomats under the Foreign Missions Act (22 U.S.C. 4301 *et seq.*).
3. Sales to or uses by the Alaska Life and Health Insurance Guaranty Association, under AS 21.79.130.
4. Sales or use of goods related to an orbital space facility, pursuant to AS 29.45.650(h).
5. A purchase made with (a) food coupons, food stamps, or other type of allotment issued under 7 U.S.C. 2011--2036 (Food Stamp Program); or (b) food instruments, food vouchers, or other type of certificate issued under 42 U.S.C. 1786 (Special Supplemental Food Program for Women, Infants, and Children). For purposes of this subsection, the value of a food stamp allotment paid in the form of a wage subsidy as authorized under AS 47.25.975(b) is not considered to be an allotment issued under 7 U.S.C. 2011--2036 (Food Stamp Program).
6. The retail sale, use, or transfer of refined fuel.
7. A construction contract awarded by the state or a state agency, or on a subcontract awarded in connection with the project funded under the construction contract.
8. Other sales or uses the municipality is prohibited from taxing under the federal or state Constitutions or laws of the United States or the State of Alaska.

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.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45

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.
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.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

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

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

1. Sales and purchases by a nonprofit organization, provided the sale of goods or services is incidental and all the proceeds of the sale go to the organization and its mission, and is not part

1 of an "unrelated trade or business" as that term is defined by
2 the Internal Revenue Code.

3
4 2. Sale of goods for resale.

5
6 E. The application of the exemptions provided for in subsections A-D of
7 this section to specific goods and services shall be determined by the
8 department.

9
10 F. The Assembly by majority vote may, after formal recommendation
11 from the MAPs Citizen Advisory Board, alter or modify a determination
12 of the department concerning the application of any exemption
13 provided for in subsection A-D of this section to any specific goods or
14 services.

15
16 G. The Administration shall establish a Universal Municipal Services
17 Application process allowing households to qualify for, among other
18 services administered by the Municipality, a household exemption
19 from the sales and use tax. Households with incomes below the
20 federal level of eighty percent (80%) poverty shall be exempt from the
21 sales and use tax on retail purchases, except for purchases of
22 alcoholic beverages as defined in chapter 12.65, marijuana or
23 marijuana products as defined in chapter 12.50, and cigarettes and
24 other tobacco products as defined in chapter 12.40.[CB1] The
25 implementation of this section shall be determined by the Assembly
26 by ordinance, and shall consist of staffing and administration to
27 establish a program such as, but not limited to, a card or certificate of
28 exemption, an annual rebate, or other streamlined form of exemption
29 for households eligible for exemption.

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, after payment
36 of one-third (1/3) of the costs of administration, collection and audit
37 to the Municipality.

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

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

12.80.090 Obligation for payment of tax; disposition of excess collections; liability for uncollected taxes.

- 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 municipality. The seller is liable to the extent permitted by law 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.

1 D. Any person acquiring an ownership interest in an ongoing business,
2 whether by purchase, foreclosure or otherwise, shall also be liable to
3 the extent permitted by law for the payment of any taxes, penalties,
4 interests, fee or costs owed to the municipality for taxes collected by
5 the former owner or seller of the business.

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

14
15 F. The municipality may pursue collection of unpaid and unremitted taxes
16 as provided in this chapter.

17
18
19 **12.80.100 Alaska Remote Seller Sales Tax Code, adoption.**

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

29
30 **12.80.110 Presumption of taxability; sales price and value.**

31
32 A. To prevent evasion of the aggregated sales and use tax and to aid in
33 its administration, it is presumed:

34
35 1. All sales of goods or services by a person engaging in business
36 in the municipality are subject to the tax, unless exempt by this
37 chapter; and

38
39 2. All goods or services purchased or sold by any person for
40 delivery into the municipality are purchased or sold for a taxable
41 use in the municipality.

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

- 1
2 C. If the department has reasonable cause to believe a seller structured
3 a transaction to avoid collecting or remitting the tax levied under this
4 chapter, there is a rebuttable presumption that the substance of the
5 transaction is a taxable sale under this chapter.
6

7 **12.80.110 Timely filing allowance, seller reimbursement for**
8 **collection costs and confidentiality of information.**
9

- 10 A. A seller authorized to collect the aggregated sales tax under this
11 chapter and who is in otherwise full compliance with this chapter may
12 retain three percent (3%) of the tax collected, up to a maximum of
13 \$3,000 in a calendar year, for purposes of offsetting a portion of the
14 costs incurred by the seller in collecting the tax for the municipality,
15 provided the seller's tax return and full remittance is received by the
16 department on or before the due date.
17

- 18 B. If the seller is not in full compliance with this chapter, the seller is not
19 eligible for and may not retain the three percent (3%) costs offset.
20

- 21 C. A seller is not in full compliance if the seller:
22 1. has an account with a past-due balance, or
23 2. has a missing or incomplete return outstanding, or
24 3. is in any manner not in compliance with a municipally approved
25 payment plan.
26

- 27 D. The seller shall report on each tax return the amount retained under
28 this section for that reporting period, and the total amount retained in
29 the calendar year up to the last day of the reporting period.
30

31 E. Confidentiality of information

- 32 1. The records of the seller retained pursuant to this chapter shall
33 be considered proprietary and confidential and shall not be
34 disclosed to any person except employees and agents of the
35 Municipality acting in their official capacity and then only for
36 purposes reasonably related to the collection and remittance of
37 the sales and use tax.
38 2. Notwithstanding subsection a., the department may, at its
39 discretion for the sole purpose of enforcing this chapter, share
40 any and all sales and use tax returns, registration information
41 or other data gathered under this chapter with other federal,
42 state and municipal tax collection agencies and other
43 government agencies only as necessary to enforce this
44 chapter, collect tax monies, or perform an audit.
45 3. Violation or aiding a violation of this subsection E. is a Class B
46 misdemeanor.

Section 4. Anchorage Municipal Code chapter 12.25 is hereby amended to read
as follows (*the remainder of the chapter is not affected and therefore not set out*):

Chapter 12.25 TAX INCREASE LIMITATION

*** *** ***

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))

*** *** ***

12.25.040 - Computation of maximum attainable tax revenue amount.

The estimate of maximum attainable tax revenue (next year revenue
available) is computed for the next fiscal year according to the following
procedures:

- A. Define the tax increase escalation amount, (L):
 $L = (T - d - e) \times (1 + C + P)$ where the base amount for calculating the
next year's tax increase limit shall be the total amount of the municipal
taxes to be collected for the current fiscal year and:
1. L is the allowable tax increase due to population and inflation
growth factors.
 2. T is the total amount of:
 - a. Real property and personal property taxes to be
collected for the current fiscal year reduced by the
amount of 2% sales and use taxes collected in the prior
year, if any, and restricted to reduction of property taxes.
 - b. Municipal payments in-lieu of taxes paid or to be paid by
any municipality of Anchorage utility, department,
agency, public corporation or authority (MPILT),
 - c. Auto fees, and
 - d. State and federal payments in lieu of taxes levied in the
current fiscal year in current-year dollars.

*** *** ***

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

B. Define exclusions in accordance with Charter section 14.03(b) and the following guidance:

*** *** ***

8. The taxes used for payment of costs of administration, collection and audit to the municipality from the two percent (2%) sales and use tax authorized by Charter § 14.08(a).

9. The gross receipts of the one percent (1%) sales and use taxes authorized by Charter § 14.08(b).

C. The summation of the amounts defined in subsections A and B defines the total tax revenue that may be collected [AVAILABLE FOR NEXT YEAR'S BUDGET PLANNING] and establishes the next fiscal year property tax required, hence the next year's mill levy.

(AO No. 84-208(S-A); AO No. 2003-160, §§ 2, 3, 1-1-04; AO No. 2003-161, § 1, 12-16-03; AO No. 2003-164, § 1, 12-16-03; AO No. 2004-22, § 1, 2-3-04; AO No. 2005-47, § 1, 4-19-05; AO No. 2005-48, § 1, 4-19-05; AO No. 2005-49, § 1, 4-19-05; AO No. 2009-109, § 2, 1-10-10; AO No. 2011-38, § 1, 3-29-11; AO No. 2019-12, § 3, 3-5-19)

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 1018-2024

Meeting Date: December 17, 2024

1 **From: Assembly Members Sulte and Rivera**

2
3 **Subject: AO 2024-105(S): AN ORDINANCE OF THE ANCHORAGE**
4 **MUNICIPAL ASSEMBLY PROPOSING A DEDICATED SALES [PROPERTY]**
5 **TAX AND ECONOMIC DEVELOPMENT MEASURE TO BE SUBMITTED TO THE**
6 **QUALIFIED VOTERS OF THE MUNICIPALITY THAT WOULD ENACT A SALES**
7 **AND USE TAX OF THREE PERCENT (3%) IN THE AGGREGATE ON THE SALE**
8 **OF GOODS AND SERVICES WITHIN THE MUNICIPALITY, WITH CERTAIN**
9 **EXEMPTIONS, A MAXIMUM TAX AMOUNT PER TRANSACTION, COMPRISED**
10 **OF A TWO PERCENT (2%) TAX DEDICATED FOR THE SOLE PURPOSE**
11 **OF REDUCING PROPERTY TAXES PROPORTIONATELY THROUGHOUT**
12 **THE MUNICIPALITY WITHIN THE "TAX CAP" CALCULATION, AND A ONE**
13 **PERCENT (1%) TAX OUTSIDE OF THE TAX CAP DEDICATED FOR**
14 **ESTABLISHMENT OF A TRUST FUND TO PAY FOR VOTER APPROVED**
15 **CAPITAL PROJECTS KNOWN AS MUNICIPAL AREA PROJECTS**
16 **(MAPs); COSTS OF ADMINISTRATION, COLLECTION AND AUDIT OF THESE**
17 **SALES AND USE TAXES SHALL BE SHARED PROPORTIONALLY BETWEEN**
18 **THE TAXES; PROVIDING FOR A MAPs CITIZENS ADVISORY BOARD;**
19 **PROVIDING A LIMITED TERM OF SEVEN (7) YEARS FOR THE AGGREGATED**
20 **3% SALES AND USE TAX LEVY; AMENDING ANCHORAGE MUNICIPAL**
21 **CODE CHAPTER 12.25 REGARDING THE TAX INCREASE LIMITATION;**
22 **ADDING A NEW CHAPTER TO THE ANCHORAGE MUNICIPAL CODE TO**
23 **PARTIALLY IMPLEMENT THIS TAX REVENUE DIVERSIFICATION MEASURE;**
24 **AND PROVIDING FOR TRANSITION PROCEDURES AND EFFECTIVE DATES.**

25
26
27
28 The sponsors of the original AO 2024-105 propose several changes in this S-
29 version. Many changes are for clarity and specificity in the ballot proposition
30 language. But, there are some substantive changes as well in response to feedback
31 gathered from community members and work sessions on the original AO.

32
33 In addition to changes to the language, the sponsors are including additional
34 information in this AM regarding the source of data referred to in the AO.

35
36 Substantive changes include the following:

37
38 **Inclusion of eleven proposed projects for voter approval, including public**
39 **safety vehicles and snow removal heavy equipment fleet replacement.** The
40 intention of including public safety and snow removal fleet funding is to create a
41 revenue stream that allows an expedited replacement of vehicles that have
42 surpassed service lifetimes, and to secure lifetime operations and maintenance
43 funding for the new vehicles and equipment purchased with sales tax revenue. This
44 is designed to meet Municipal service needs that Anchorage residents have

1 identified as top priority – timely street maintenance and public safety
2 responsiveness.

3 4 **Enhanced language re: operations and maintenance**

5 New subsection D. to AMC Section 12.80.050 direct that a minimum of 5% and no
6 more than 15% of the net receipts of the MAPs 1% sales and use tax shall be
7 invested to fund the operations, maintenance and safety costs of MAPs projects.

8
9 With expected capital investment of over \$420 million, the projects funded by this
10 measure will meet the requirements of AMC section 7.15.045 regarding Community
11 Workforce Agreements (CWAs). The Municipality's public policy is to use CWAs to
12 the fullest extent allowed by law.

13 14 **Inclusion of more specific language exempting nonprofit entities and 15 Regional Housing Authorities**

16 In response to community feedback regarding the work of Anchorage nonprofits,
17 definitions are updated to ensure all nonprofit organizations are exempt from the
18 sales and use tax, both for charitable sales fundraisers and purchases, and adding
19 language directing the Municipality to develop an online registration process for
20 certifying nonprofit exempt purchasers at no cost to the nonprofit. In addition,
21 language exempting Regional Housing Authorities has been inserted.

22 23 **Business confidentiality language**

24 Language to protect the confidentiality of transactions and business data has been
25 added to this version.

26 27 **Assembly Member Bronga amendments**

28 The amendments offered by Assemblymember Bronga at the November 6, 2024
29 meeting (laid on the table) are incorporated. These include exemptions for
30 contraceptives, exemptions for educator expenses when purchasing goods or
31 services that qualify for the federal income tax educator expense deduction, and an
32 amendment making alcohol, marijuana and tobacco taxable for all households
33 including those carrying certificates of exemption.

34 35 **Advisory Board**

36 The MAPs Citizen Advisory Board language is updated to reflect the anticipated role
37 of the board.

38 39 **Online sales tax collection language:**

40 Language has been added to adopt the Alaska Uniform Remote Sellers Sales Tax
41 Code by reference, streamlining Anchorage's collection of tax on remote (online)
42 sales. The Municipality would still need to join the Alaska Remote Seller Sales Tax
43 Commission to go into effect, by resolution and executing an agreement, one of the
44 steps for implementation.

45 46 **Includes provisions included to be consistent with:**

- 47 • The seminal U.S. Supreme Court case *South Dakota v. Wayfair*, 585 U.S.
48 162, 138 S. Ct. 2080 (2018), which overruled the “physical presence rule”
49 in the Court’s precedents *Quill Corp. v. North Dakota*, 504 U.S. 298, 112

1 S. Ct. 1904 (1992) and *National Bellas Hess, Inc. v. Dept. of Revenue*
2 *of Ill.*, 386 U.S. 753, 87 S. Ct. 1389 (1967). The result is remote sellers
3 without a physical presence in the taxing jurisdiction may be required to
4 collect and remit sales taxes, if they have a “substantial nexus” with the
5 taxing state. The substantial nexus requirement is one of the elements
6 necessary for the courts to sustain a tax, so long as it (1) applies to an
7 activity with a substantial nexus with the taxing State, (2) is fairly
8 apportioned, (3) does not discriminate against interstate commerce, and
9 (4) is fairly related to the services the State provides, the test for validity
10 of a tax established by *Complete Auto Transit, Inc. v. Brady*, 430 U.S.
11 274, 97 S. Ct. 1076 (1977). AMC section 12.80.100 and .110 language
12 implicitly recognize this nexus test with the presumption of taxability even
13 for sellers without physical presence in the taxing jurisdiction.

- 14 • The Multistate Sales Tax Compact, adopted by the State of Alaska and
15 applicable to its subdivisions, including the Municipality. AS 43.10.019.
16 This includes two main provisions identified in Article V, “Elements of
17 Sales and Use Tax Laws”: (1) tax credit for legally imposed sales or use
18 taxes paid by the purchaser with respect to the same property to another
19 state or subdivision; and (2) recognition of resale and other exemption
20 certificates authorized by the appropriate state or subdivision taxing
21 authority.
- 22 • The Alaska Remote Seller Sales Tax Code, promulgated by the Alaska
23 Remote Seller Sales Tax Commission (ARSSTC). The Municipality
24 should become a signatory member to the ARSSTC to streamline its
25 ability to collect from remote sellers, and adopt and incorporate by
26 reference the uniform code. The ARSSTC was established to provide a
27 simplified, single-level statewide administrative system to coordinate
28 sales tax collection for remote sales in Alaska. Some defined terms are
29 modified or added, to be consistent with the uniform code.
- 30 • Definition changes:
 - 31 ○ “Certificate of Exemption” is modified so it can cover persons
32 qualifying for an entity-based exemption, a resale exemption, or other
33 classes of exemption that may be enacted by ordinance in the future.
34 It could include the Hardship Relief exemption if the implementing
35 ordinances allow for that.
 - 36 ○ Replaces definition for “Charitable Organization” with “Nonprofit
37 Organization” using language from the Alaska Remote Sellers Sales
38 Tax Uniform Code.

39 **Projected revenue numbers**

40 Included in the ballot question language are estimates of projected revenue and
41 therefore projected property tax reduction. These are based on economic research
42 produced by the University of Alaska Center for Economic Development, first
43 published in 2023 and subsequently updated in 2024. These estimates are
44 portrayed as conservative, and are unable to account for additional potential
45 spending by commuters who live outside of the Municipality and travel in for work
46 or other appointments and services.

47 **MAPs project identification, evaluation and costing process**

48
49

1 Attached as an appendix to this AM is an additional informational document
2 regarding the process undergone to identify, evaluate and cost out projects
3 recommended in this AO.
4

5 **We request your support for AO 2024-105(S).**

6
7 Reviewed by: Assembly Counsel's Office

8 Respectfully submitted:
9

10 Randy Sulte, Assembly Member

11 District 6 – South Anchorage, Girdwood and Turnagain Arm
12

13 Felix Rivera, Assembly Member

14 District 4 – Midtown
15

16 Attachments: Letter from Assembly Member Sulte, *Assembly Response*
17 *Outline*: Project identification, selection and cost estimate
18 process, November 14, 2024

Assembly Response Outline
Follow up from November 14, 2024 Work Session

Dear Colleagues,

Thank you for the continued conversation around AO 2024-105 at the work session on Thursday, November 14. At the meeting, I presented slides outlining the project identification, evaluation and recommendation process for the proposed capital investments that are intended to be incorporated in an upcoming S-version of AO 2024-105. I also shared details about the short list of resident-submitted projects that are front runners for inclusion in the AO.

You asked for some additional information about the process and projects, and I am including it here with the assistance of the Project Anchorage coalition. I look forward to our continued conversation at work sessions scheduled for Friday, December 6 on the topic of AO 2024-105.

Project Identification, Evaluation, and Costing

You asked for additional detail around the process, evaluators, and ultimate recommendation about projects for inclusion. Please see those details below, as well as the attachments outlining in further detail the approach that was taken.

First and foremost, every single idea came from the community of Anchorage. We launched a project solicitation portal in June to collect ideas from a diverse swath of Anchorage. To maximize reach, we invested in paid social media advertisements, presented at community council meetings, spoke with community groups, presented to non-profit associations, and participated in earned media to reach as diverse and widespread of an audience as possible. A summary of these community engagement efforts is attached to this letter.

In addition to collecting ideas through the open project portal, we mined community council CIP lists and existing neighborhood plans to find capital ideas that had previously been evaluated and deemed popular. Over the three-month period that the project portal was open, we collected over 300 ideas from citizens of Anchorage on the type of investment they'd like to see in Anchorage.

To organize the project submissions, a volunteer committee was formed to help organize, evaluate and recommend projects for future polling. This group met a total of four times between August 1st and September 19th. Group members independently evaluated each project or project category with evaluation criteria that considered feasibility, geographic equity, subject diversity and overall impact to Anchorage (i.e. how many people would love using this facility or area?). From there, the scores were averaged to reveal emerging popular projects that would have a high impact on Anchorage. In the event of any outliers, group members discussed their ratings with one another and had the opportunity to change their scores based on additional context.

This project organization committee consisted of Anchorage residents, small business owners, business leaders, parents, government officials, and all-around Anchorage-enthusiasts: Jenna Wright, Laile Fairbairn, Katherine Jernstrom, Radhika Krishna, Melanie Lucas-Conwell, Jacob Lyon, Julie Saupe, Rick Nerland, and Michael Braniff as a Municipal Advisor.

Following this process, sixteen specific projects (e.g. South Anchorage Library) or project categories (e.g. Downtown Arts and Entertainment Redevelopment) were sent to a professional poll of 511 residents that statistically represented Anchorage's population in order to test the receptiveness of a diverse demographic sample of Anchorage residents to the slate of potential projects. This allowed another volunteer group of professionals to focus their efforts on assembling rough costing estimates for the projects most desired by residents. If the project polled with net positive support, it was sent to the costing committee for further evaluation. If it received negative support, it was eliminated from future consideration.

Following this initial organization process, another volunteer costing committee was stood up to apply rough order of magnitude cost estimates to each of the projects that had net positive public support. Over the course of six meetings, this group collaborated to assign the rough cost estimates that were shared in the November 14th work session. The goal of this committee was not to assign specific budgets to each project but rather to apply a wide, conservative range of cost estimates to each project or project category that gives the Municipality the confidence to know that a meaningful project could be accomplished within the estimated budget. If the Anchorage voters approve this ballot measure, we envision a more in-depth feasibility study and community conversation will occur to right-size and right-program each project as they are built over the coming decade.

The costing committee consisted of architects, designers, engineers, and general contractors with representatives from RIM Architects, Bettisworth North Architects, DOWL, Pacwest Consulting, Wilmworks, Determine Design, Alaska Native Tribal Health Consortium and Cornerstone General Contractors.

Project Recommendations

The above process generated the list of potential projects that was presented at the November 14 work session. While the final budget available for capital investment will depend on the outcome of additional work sessions and amendments to potential exemptions, I am proposing here a shortened list that reflects what I intend to include in an upcoming S-version of AO 2024-105. This recommended list of projects is affordable within the very conservative budget estimate of \$60 million per year revenue collected as a result of 1/3 of the 3% sales tax proposed in the original AO. This estimate is derived from the University of Alaska Center for Economic Development's 2024 study and was later validated by the University of Alaska Institute for Social and Economic Research. If the sales tax is collected for seven years, the budget will fund \$420 million in capital investment in Anchorage.

We recommend the following projects be put forth to Anchorage voters for their consideration:

Snow plow heavy equipment fleet overhaul
APD patrol cars fleet overhaul

Kincaid Trailside Facility
Goose Lake Trailside Facility
Westchester Lagoon Trailside Facility
Downtown Performing Arts Center redevelopment
Downtown entertainment corridor pedestrian infrastructure
East Anchorage Sports Center
Anchorage Children's Museum
Chester Creek Sports Complex redevelopment
Eagle River Youth Sports Facility
Girdwood Arts & Recreation District

Dedicated MAPs Trust endowment to fund lifetime operations, maintenance, security and related improvements for listed projects

Operations, Maintenance, Security and Related Improvements

Assembly members and Project Anchorage backers share a strong value that any new capital investments be supported in their maintenance and operations costs by this revenue stream and the Trust established to fund O&M for the lifetime of the facilities. In addition to ensuring new-construction O&M costs are covered, some of the projects proposed will incorporate renovation or replacement of existing aging Municipal facilities or infrastructure, recategorizing existing O&M costs under the umbrella of the Municipal Area Projects Trust. The project costing estimates produced are intended to be inclusive of these additional costs, protecting the regular operating budget and future taxpayers, Assembly members and Administrations from the expense of maintaining the capital investments funded by the measure.

Again, I look forward to the continued conversation around this proposal and producing a property tax relief and capital investment measure that can confidently be put to the Anchorage voters.

Assembly Member Randy Sulte
District 6