



MUNICIPALITY OF ANCHORAGE
Assembly Information Memorandum

AIM No. - 2026

Meeting Date: January 13, 2026

1 **FROM: MAYOR**

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3 **SUBJECT: SALES TAX PROPOSAL AND FISCAL DIALOGUE.**

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5 The LaFrance Administration recognizes that Anchorage is at an important fiscal
6 crossroads. As a combined city and borough government responsible for a wide
7 range of essential services—public safety, transportation, public health, parks, and
8 the maintenance of extensive public infrastructure—the Municipality must confront
9 long-term financial challenges in a clear, transparent, and community-centered
10 way.

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12 We introduced a 3% sales tax proposal (AO 2025-133) for the 2026 ballot to secure
13 the resources needed to meet our obligations and maintain Anchorage as a
14 community that is both affordable and attractive to residents.

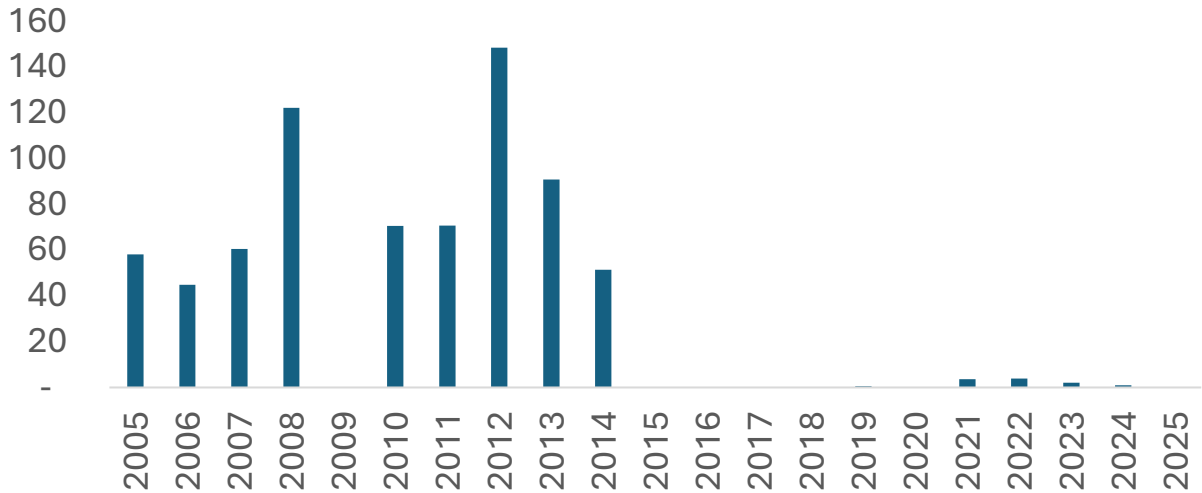
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16 Today, however, we are confronting an even more urgent issue that deserves top
17 priority on the April ballot: funding for education. To help close the \$83 million
18 shortfall facing the Anchorage School District (ASD), we are putting forward a one-
19 time, \$12 million special levy aimed at limiting projected increases in class sizes
20 and preventing cuts to essential programs. This levy would go to the April 2026
21 ballot for voter approval.

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23 Given the school district's imminent need, we would like to extend the timeline for
24 the sales tax Charter Amendment conversation. We will use the additional time as
25 an opportunity to have a broader community dialogue about the Municipality's
26 fiscal condition.

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28 Over several decades, the fiscal relationship between the State of Alaska and the
29 Municipality of Anchorage has changed dramatically. State operating and capital
30 support that once formed a substantial share of the municipal budget has declined
31 to historically low levels, shifting more responsibility to local taxpayers. At the same
32 time, Anchorage owns and operates a vast portfolio of public assets that require
33 ongoing maintenance, repair, and eventual replacement—needs that have never
34 been fully addressed through a comprehensive, long-range funding plan.

State Capital Grants to MOA for Roads and Drainage

Millions of dollars, adjusted for Inflation



1 Source: Office of Management and Budget and Mayor's Office.

Residents have consistently told both the Administration and the Anchorage Assembly that they want clearer, more accessible information about the municipal budget, taxes, service levels, deferred maintenance, and how public dollars are spent. They have also asked for a better understanding of the tradeoffs involved in maintaining services, controlling costs, and ensuring affordability for households and businesses.

In response, the LaFrance Administration is committed to a sustained and inclusive fiscal dialogue with the community—one that prioritizes building understanding before solutions. This effort builds on and complements the Fiscal Future outreach already undertaken by several Assembly members, which has helped elevate public awareness and create space for meaningful discussion about Anchorage's long-term financial sustainability.

Focus on the Fiscal Dialogue

The Administration's approach centers on helping residents understand:

- What services the Municipality provides and the value those services deliver.
- The full, long-term cost of maintaining existing service levels and public assets.
- The scope and consequences of deferred maintenance.
- How the current revenue structure works, including legal and policy constraints.
- Affordability considerations for residents and employers.
- And the range of fiscal strategies that could better align community priorities, services, and available resources.

1 The Administration recognizes that it is essential to establish a shared factual
2 foundation and a common understanding of the challenges Anchorage faces.

3 4 **Fiscal Evaluation and Analysis**

5 To support this dialogue, the Administration will work with the Assembly to ensure
6 that Anchorage's fiscal condition and long-term structural challenges are evaluated
7 in a clear and credible way. This may include work through the Budget Advisory
8 Commission or the formation of time-limited ad hoc bodies. The goal is to examine
9 deferred maintenance needs, service delivery costs and performance, and
10 independent fiscal analyses, while providing opportunities for public input
11 throughout the process.

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13 A fiscal analysis by the University of Alaska Center for Economic Development is
14 currently underway and will generate a baseline understanding of the
15 Municipality's historic and current fiscal patterns.

16 17 **Community Engagement and Education**

18 Public engagement will be a central component of this effort. The Administration
19 plans to meet residents where they are—through Community Councils, public
20 forums, town halls, and presentations to civic, business, labor, and nonprofit
21 organizations. This will be done in alignment with the Fiscal Future dialogs hosted
22 by Assembly members. These conversations will be supported by educational
23 materials designed to explain municipal finances in plain language, including
24 online interactive tools that make budget and infrastructure information easier to
25 understand and explore.

26 27 **Transparency and Ongoing Communication**

28 As this work progresses, the Administration is committed to fiscal transparency.
29 This includes developing clearer public explanations of how services are funded,
30 expanding access to budget and infrastructure data, identifying meaningful
31 performance indicators for core services, and providing regular public updates on
32 findings and progress. The Administration will prioritize making those indicators
33 readily accessible and easy to interpret.

34 35 **Looking Ahead**

36 The Administration views this fiscal dialogue as a foundation for building public
37 trust. In the coming months, the Administration will continue to provide the
38 community with meaningful opportunities to assess the facts, ask questions, and
39 weigh tradeoffs, and will further develop potential policy actions—whether related
40 to service levels, efficiencies, or potential revenue measures—in dialog with the
41 community.

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43 Through this approach, the LaFrance Administration aims to work collaboratively
44 with the Assembly and the public to chart a fiscally sustainable path forward for
45 Anchorage.

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