

(S) Submitted by: Assembly Member
Martinez
(S) Prepared by: Assembly Counsel's
Office
For reading: October 21, 2025

ANCHORAGE, ALASKA
AO No. 2025-96(S)

1 **AN ORDINANCE OF THE ANCHORAGE ASSEMBLY SUBMITTING TO THE**
2 **QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE A BALLOT**
3 **PROPOSITION AMENDING THE HOME RULE CHARTER TO AUTHORIZE A 1%**
4 **SALES TAX, WITH CERTAIN EXEMPTIONS, TO FUND THE “PENNY FOR**
5 **PROGRESS” STRATEGIC INVESTMENT PROGRAM.**

6
7 **WHEREAS**, Anchorage faces a critical decision point—to invest in essential public
8 systems that drive economic and social progress, or to continue a downward cycle
9 of deferred maintenance, unsafe infrastructure, and stagnant housing supply; and

10
11 **WHEREAS**, the Municipality’s current fiscal model is structurally imbalanced,
12 unable to sustain necessary upgrades to roads, sidewalks, housing, and behavioral
13 health support without sacrificing other core services; and

14
15 **WHEREAS**, a locally generated, voter-approved sales tax offers Anchorage a
16 powerful tool to directly fund high-impact capital investments—without relying on
17 unpredictable federal subsidies or creating exemptions that distort equity; and

18
19 **WHEREAS**, the Penny for Progress Strategic Investment Program proposes a 1%
20 sales tax, with **limited enumerated[no]** exemptions **in addition to[except]** those
21 required by state/federal law, levied on all transactions within Anchorage and split
22 evenly into three dedicated investment categories:

- 23
24 1. Stackable Return on Investment(ROI) Infrastructure: Including road,
25 sidewalk, utility, lighting, and snow systems improvements, built around a
26 measurable return-on-investment framework;
- 27 2. Workforce Housing Trust: To accelerate the 10,000 Homes Strategy by
28 building and preserving housing at 60–120% of the Department Housing and
29 Urban Development Fair Market Rate in high-priority development zones;
- 30 3. Behavioral & Mental Health Stabilization: Targeted investments in facilities,
31 crisis response, and supportive systems that reduce reliance on emergency
32 services and improve community well-being; and

33
34 **WHEREAS**, the Penny for Progress values transparency and accountability,
35 establishing public safeguards such as an online dashboard, citizen oversight, and
36 a 5-year review process to track impacts, outcomes, and spending efficiency; and

37
38 **WHEREAS**, this value-driven plan aligns with Anchorage’s core economic
39 development principles:

- 40
41
 - Economic Truth: Honest accounting of needs, risks, and limitations;

- Stackable ROI: Every dollar spent must generate multiple, reinforcing benefits;
- Preemptive Resiliency: Invest ahead of crisis, not behind it;
- Equity & Opportunity: Ensure fa access to housing, safety, and services; and

WHEREAS, the Penny for Progress is not a spending package, but a city-building strategy—designed to move Anchorage from overextension to high-performance, from crisis response to strategic readiness, and from stagnation to smart, steady growth; now, therefore

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. Pursuant to state law and the Anchorage Municipal Charter, a ballot proposition in substantially the following form shall be placed on the ballot and submitted to the qualified voters of the Municipality at the next regular municipal election on April 7, 2026.

PROPOSITION NO. __

CHARTER AMENDMENT TO AUTHORIZE A 1% SALES TAX, WITH CERTAIN EXEMPTIONS, TO FUND THE PENNY FOR PROGRESS STRATEGIC INVESTMENT PROGRAM.

The proposed Charter Amendment and Assembly Ordinance 2025-____ would authorize and enact a one percent (1%) sales tax on the sale of goods and services within the Municipality of Anchorage, with limited exemptions only as required by state or federal law.

Shall the Anchorage Municipal Charter be amended by adding the following new section to Article XIV:

Section 14.08 Sales tax for the “Penny for Progress” strategic investment program.

- (a) The assembly is hereby authorized to levy, to the extent provided by law, a one percent (1 %) tax on the sale of goods and services within the municipality. The levy shall be imposed no later than October 1, 2027.
- (b) The net receipts from the tax levied under this section, after payment of the costs of tax administration, collection and audit to the municipality, shall be for the “Penny for Progress” strategic investment program, and equally allocated towards three separate funds dedicated and available to use only for the following purposes:
 - (1) Infrastructure development and improvement including, but not limited to, construction, maintenance, repair, and improvements to streets, roads, sidewalks, underground utility infrastructure, public lighting and safety, as well as

1 maintenance and operations for snow removal, storage,
2 or disposal;

3
4
5 (2) Direct investments in workforce and low-income housing
6 construction, development, maintenance, rehabilitation,
7 and preservation; and

8
9 (3) Targeted investments in behavioral and mental health
10 facilities, crisis response, and supportive systems that
11 reduce reliance on emergency services and improve
12 community well-being.

13
14 (c) The assembly shall establish by ordinance the following:

15
16 (1) A dedicated infrastructure investment fund, a dedicated
17 workforce housing trust fund, and a dedicated
18 behavioral and mental health stabilization trust fund.
19 The appropriations from each shall be restricted to
20 eligible project investments and capital improvements
21 authorized in subsection (b) above;

22
23 (2) Procedures and requirements for public reporting,
24 financial auditing, five-year program review, and the
25 creation of a citizen oversight committee; and

26
27 (3) Such additional provisions, not inconsistent with this
28 section, as necessary or desirable to implement this
29 section.

30
31 (d) The assembly ***shall prescribe the following [may prescribe]***
32 ***exemptions to the tax imposed by this section by ordinance in***
33 ***addition to those exemptions [only to the extent]*** required
34 by state or federal law.

35
36 ***(1) Sales of food, except prepared food shall be taxable.***

37
38 ***(2) Sale of prescription medicine or medical goods.***

39
40 ***(3) The provision of medical services or counseling***
41 ***services.***

42
43 ***(4) The sale of gasoline or diesel fuel.***

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45 ***(5) Small business transactions for businesses***
46 ***classified as a Cottage Industry business.***

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48 ***(6) Financial service transactions.***
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- (7) Licensed childcare services, childcare products, and menstrual hygiene products, and contraceptives.
- (8) Isolated sales by one individual to another when the seller is not generally engaged in the business of selling the same or similar property or the sale of goods for resale.
- (9) The sale of contracts of insurance.
- (10) Sale of school classroom items and professional development courses or other goods or services qualifying for the federal income tax educator expense deduction.
- (11) Purchases made by nonprofits organizations or by members of households earning eighty percent (80%) or less of the federal Housing and Urban Development (HUD's) median household income for the Anchorage area.
- (12) Retail sales of alcoholic beverages and marijuana or marijuana products

And amending Anchorage Municipal Charter Article II (4), Charter § 14.01(b) and Charter § 14.03(b) as follows (additions shown in **underline and bold**, deletions indicated by ~~[brackets, strikeouts in bold]~~):

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 (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 14.03. Tax increase limitation.

*** **

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

- (1) Taxes on new construction or property improvements which 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 2022.

(7) Taxes imposed pursuant to Charter § 14.08.

*** **

If approved by more than 50% of the qualified voters voting on the question at the April 7, 2026 Regular Election, the Charter amendments will become effective 30 days after certification of the election, and the sales tax levy will become effective no later than October 1, 2027, with the date of initial levy to be established by the Anchorage Assembly by ordinance.

Shall the Charter be amended as shown above and become law, authorizing a 1% sales tax dedicated to certain purposes?

YES [] NO []

1 **Section 2.** The full text of Section 1 shall be published conspicuously on the
2 Municipality's web pages, including the elections web pages, no later than the day
3 ballot packages are first mailed to voters pursuant to Title 28, and made available
4 at every accessible vote center and the Election Center on election day, and at any
5 location established for early voting prior to election day at all times when such
6 location is open for marking and casting ballots.

7
8 **Section 3.** The Charter amendments set forth in the proposition in Section 1 of
9 this ordinance shall become effective 30 days after certification of the election, if
10 and only if, said proposition is approved by a majority of the qualified voters of the
11 Municipality voting on the proposition during the regular Anchorage Municipal
12 election held on April 7, 2026. The remainder of this ordinance shall be effective
13 upon passage and approval.

14
15 PASSED AND APPROVED by the Anchorage Assembly this _____ day
16 of _____, 2025.

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21 _____
22 Chair

23
24 ATTEST:

25 _____
26 Municipal Clerk
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