

Submitted by: Chair of the Assembly at the Request of
the Mayor and Assembly Members
Fairclough, Kendall, Shamberg,
Sullivan, Taylor, Tesche, Traini, Van
Etten, and Von Gemmingen

Prepared by: Finance
For reading: JANUARY 29, 2002

ANCHORAGE, ALASKA
AO NO. 2002-45

2-12-02
Postponed
indefinitely

AN ORDINANCE SUBMITTING TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF
ANCHORAGE AT THE REGULAR MUNICIPAL ELECTION APRIL 2, 2002, A BALLOT
PROPOSITION APPROVING A SPECIAL ECONOMIC DEVELOPMENT ROOM TAX
DEDICATED TO FUNDING A NEW CONVENTION CENTER.

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1: A ballot proposition in substantially the following form shall be submitted to the
qualified voters of the Municipality at the regular Municipal election April 2, 2002:

PROPOSITION No.

APPROVING A SPECIAL ECONOMIC DEVELOPMENT ROOM TAX
DEDICATED TO FUNDING A NEW CIVIC AND CONVENTION CENTER

Shall a special economic development room tax of four percent (4%)
dedicated to financing a new civic and convention center be added to the
existing hotel-motel room tax beginning January 1, 2003?

YES / ____

NO / ____

If bonds for construction of a new convention center are not issued prior to
January 1, 2008, this special economic development room tax shall
automatically expire on such date and the taxes collected from this special
tax but not used as dedicated shall be deposited into the MOA Trust Fund.

Section 2. This ordinance shall become effective immediately upon its passage and approval by the
Assembly.

PASSED AND APPROVED by the Anchorage Assembly this ____ day of _____, 2002

Chair of the Assembly

ATTEST:

Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - General Government

AO Number: 2002-45 Title: An ordinance submitting to the qualified voters of the Municipality of Anchorage at the regular Municipal election April 2, 2002, a ballot proposition approving a special economic development room tax dedicated to funding a new convention center.

Preparing Agency: Finance Department

Others Impacted:

CHANGES IN EXPENDITURES AND REVENUES: (Millions of Dollars)

	FY02	FY03	FY04	FY05	FY06
Operating Expenditures					
1000 Personal Services					
2000 Supplies					
3000 Other Services					
4000 Debt Service					
5000 Capital Outlay					

TOTAL DIRECT COSTS.

Add: 6000 Charges from Others

Less: 7000 Charges to Others

FUNCTION COST:

REVENUES:	0	6.1	6.4	6.9	7.1
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CAPITAL:

POSITIONS: FT/PT and Temp.

PUBLIC SECTOR ECONOMIC EFFECTS:

The ordinance would increase the hotel-motel room tax effective January 1, 2003 from 8% to 12%. The additional 4% would be used to finance the proposed new civic and convention center.

If the voters approved ballot ordinance AO 2002-45, it is expected that the special economic development tax of four percent (4%) will generate \$6.1 million in room tax revenues in FY 2003, rising to \$7.1 million in FY 2006 per the "New Anchorage Civic and Convention Center Feasibility Review and Site Selection Study" dated June 29, 2001. The tax revenues from the special economic development tax and interest earned thereon will be used to fund the design, site selection, site acquisition, construction and bonded debt service of a new civic and convention center in Anchorage.

If bonds for construction of a new civic and convention center are not approved prior to January 1, 2008, this special economic development room tax shall automatically expire on such date and the taxes collected from this special tax, but not used as dedicated, shall be deposited into the MOA Trust Fund.

If the voters do not approve ballot ordinance AO 2002-45, no additional tax revenues will be realized.

PRIVATE SECTOR ECONOMIC EFFECTS:

This special economic development tax will be paid entirely by business travelers and visitors to the Municipality.

Local lodging facilities registered with the Municipality as "operators" pursuant to AMC 12.20.010 will be required to collect the tax. However, since operators currently collect the existing eight percent tax, and no new requirements are demanded of the operators, it is unlikely operators will experience any substantial additional preparatory costs associated with collecting the special economic development tax and remitting it to the Municipality.

An earlier consultant study concluded that there is a need for a new convention center. The current William A. Egan Civic and Convention Center was projected to exceed its capacity to host additional civic events and conventions by 2005. The proposed new civic and convention center provides the opportunity to strengthen and diversify the Anchorage economy, while at the same time meeting the burgeoning civic and convention needs of the Anchorage community.

The New Anchorage Civic and Convention Center Feasibility Review and Site Selection Study dated June 29, 2001 projects that the new civic and convention center will generate 800 construction jobs, approximately \$100 million in new construction, and \$60 million in associated new hotel construction.

Once completed, the study projects the new center to bring in 51 million additional dollars into the economy each year. The study further concludes it could:

Add 90,000 new hotel room nights and 27,000 additional airline ticket sales annually.

Add 700 continuing new jobs.

Result in \$32 million in direct spending to Anchorage businesses.,

Since the special economic development tax is dedicated to funding a new convention center, there will be no decrease in the property tax cap directly attributable to this special economic development tax.

Prepared by: Daniel Moore, Treasurer

Telephone: 343-4092

Validated by OMB: *Cheryl Fraser*

Date: 2/8/02

Approved by: *[Signature]*

(Director, Preparing Agency)

Date: 2/7/02

Concurred by: *[Signature]*

(Director, Impacted Agency)

Date: _____

Approved by: *[Signature]*

(Municipal Manager)

Date: 2/8/02



MUNICIPALITY OF ANCHORAGE
ASSEMBLY MEMORANDUM
AM 126-2002

Meeting Date: February 12, 2002

From: Mayor

Subject: Ballot Ordinance Amending Chapter 12.20 to Add the Special Economic Development Room Tax for a New Civic and Convention Center in the Municipality

The attached ballot ordinance presents to voters at the next regular Municipal election (April 2, 2002) the question of whether to add a special economic development room tax of four percent (4%) to the existing hotel-motel room tax of eight percent (8%).

Simultaneous with the introduction of this ordinance to amend the Anchorage Municipal Code, there is an implementing ordinance (AO 2002-46) providing more details on the change to AMC 12.20.020.

If the voters approve the ballot ordinance adding a special economic development room tax of four percent (4%), the total tax revenues to be collected will increase from eight percent (8%) to twelve percent (12%) of the taxable room rent charged by businesses subject to AMC 12.20. The dedication of one-half of the original eight percent hotel-motel tax to promote tourism is unchanged.

The special economic development tax and interest earned thereon, together with a future bond offering will be dedicated to financing the design, site selection, site acquisition, construction and bonded debt service of a new civic and convention center in Anchorage. If no bonds have been issued to finance the acquisition and construction of a new civic and convention center by January 1, 2008, the special economic development tax will automatically expire and any unexpended revenues collected and accrued will revert to the MOA Trust Fund (Fund 730).

If the voters do not approve the ballot ordinance, AO 2002-46 will not go into effect and the existing language in AMC 12.20.020 will be unchanged.

The Administration recommends approval of AO 2000-46.

Concurrence:

Harry J. Kieling, Jr.
Municipal Manager

Prepared by:

Kate Giard
Chief Fiscal Officer

Respectfully submitted,

George P. Wuerch
Mayor

AO 2002-45

Municipality of Anchorage
MUNICIPAL CLERK'S OFFICE
Agenda Document Control Sheet

Ad 2002-45

(SEE REVERSE SIDE FOR FURTHER INFORMATION)

1	SUBJECT OF AGENDA DOCUMENT Special Economic Development Tax <i>Ballot Ordinance Amending</i> <i>Chapter 12.20</i>	DATE PREPARED January 29, 2002	
	DEPARTMENT NAME Finance Department	Indicate Documents Attached <input checked="" type="checkbox"/> AO <input type="checkbox"/> AR <input checked="" type="checkbox"/> AM <input type="checkbox"/> AIM	
	THE PERSON THE DOCUMENT WAS ACTUALLY PREPARED BY 3 Kate Giard, CFO	DIRECTOR'S NAME Kate Giard HIS/HER PHONE NUMBER 343-6610	
4	COORDINATED WITH AND REVIEWED BY	INITIALS	DATE
X	Mayor		
	Heritage Land Bank		
	Merrill Field Airport		
	Municipal Light & Power		
	Port of Anchorage		
	Solid Waste Services		
	Water & Wastewater Utility		
X	Municipal Manager	<i>M</i>	<i>2/8/2</i>
	Cultural & Recreational Services		
	Employee Relations		
X	Finance, Chief Fiscal Officer	<i>[Signature]</i>	<i>2/7/02</i>
	Fire		
	Health & Human Services		
X	Office of Management and Budget		
	Management Information Services		
	Police		
	Planning, Development & Public Works		
	Development Services		
	Facility Management		
	Planning		
	Project Management & Engineering		
	Street Maintenance		
	Traffic		
	Public Transportation Department		
	Purchasing		
X	Municipal Attorney	<i>[Signature]</i>	<i>1/7/02</i>
	Municipal Clerk		
	Other		
5	Special Instructions/Comments		
	<i>1/29/02: Introduced by 1st Lt. [Signature] 1st Lt. [Signature] Hearing</i>		
6	ASSEMBLY HEARING DATE REQUESTED February 12, 2002 <i>01/29/2002</i>	7	PUBLIC HEARING DATE REQUESTED February 26, 2002

2002 FEB - 8 AM 10:37
 M.O.A.
 CLERK'S OFFICE