AN ORDINANCE SUBMITTING TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION AMENDING THE ANCHORAGE MUNICIPAL CHARTER TO PROHIBIT USE OF PROPERTY TAX REVENUES FOR CONSTRUCTION OR OPERATION OF A CONVENTION CENTER, TO ADOPT A FOUR PERCENT (4%) TAX TO SUPPORT ISSUANCE OF REVENUE BONDS TO FINANCE A CONVENTION CENTER AND RENOVATION OF THE EGAN CIVIC AND CONVENTION CENTER, AND TO PROVIDE FOR APPROVAL BY A MAJORITY (FIFTY PERCENT PLUS ONE) OF QUALIFIED VOTERS VOTING ON THE QUESTION.

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. Pursuant to state law, a ballot proposition in substantially the following form and substance shall be submitted to the qualified voters of the Municipality at the next regular Municipal election to be held April 5, 2005:

PROPOSITION NO. __________

THIS PROPOSITION APPROVES THE FOLLOWING AMENDMENTS TO THE ANCHORAGE MUNICIPAL CHARTER:

1. PROHIBITS THE USE OF PROPERTY TAX REVENUES FOR ACQUISITION, CONSTRUCTION, OPERATION AND MAINTENANCE OF A CONVENTION CENTER (CHARTER §14.04); and

2. ADOPTS A FOUR PER CENT (4%) HOTEL, MOTEL AND BED & BREAKFAST (B&B) ROOM TAX TO FUND A NEW CIVIC AND CONVENTION CENTER (CHARTER §14.05); and

3. AUTHORIZES USE OF THE 4% ROOM TAX PROCEEDS TO SUPPORT ISSUANCE OF REVENUE BONDS TO FINANCE CONSTRUCTION OF A CONVENTION CENTER, AND RENOVATION OF THE EGAN CIVIC & CONVENTION CENTER (CHARTER §14.05); and

4. PROVIDES FOR AN IMMEDIATE EFFECTIVE DATE FOR THE ROOM TAX IF APPROVED BY A MAJORITY (50% + 1) OF THE QUALIFIED VOTERS VOTING ON THE QUESTION (CHARTER ARTICLE II (4) and CHARTER §14.01(b)).
Shall the Anchorage Municipal Charter be amended by adding the following two new sections to Article XIV:

Section 14.04  Prohibition on Use of Property Taxes for Convention Center.

Property taxes shall not be used to finance the acquisition, construction, operation or maintenance of a new civic and convention center.

Section 14.05  Hotel, Motel and Bed & Breakfast Room Tax.

A. There is hereby levied a tax on all hotel, motel and bed & breakfast room rents in an amount equal to four percent (4%) of the room rent paid to an operator.

   1. Revenues received from this tax are dedicated to financing the design, site acquisition, construction, landscaping, bonded debt service or lease payments, carrying costs, and operation of a new civic and convention center, including parking facilities and renovation and operation of the existing Egan Civic and Convention Center.

   2. If bonds are issued to finance the acquisition and construction of a new civic and convention center, the revenue derived from this tax shall first be used to pay annual principal, interest and other carrying costs of said bonds, until such bonds are paid in full.

B. The Assembly shall enact such additional provisions, not inconsistent with this section, as necessary or desirable to implement this section. Such enactments may include provisions to terminate or reduce the tax upon payment of all bond principal, interest and carrying costs, and appropriation of tax revenues, if any, excess to payment of the principal and interest on the bonds and support for operation of the convention center.

And amending Anchorage Municipal Charter, Article II (4), and Charter §14.01(b) as follows:

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 tax imposed by Charter §14.05 shall be effective if approved by a
majority (50% + one) of the qualified voters voting on the question.

Section 14.01  Taxing Authority

***  ***  ***

(b) No sales tax ordinance is valid until ratified by three-fifths (3/5) of
those voting on the question at a regular or special election, except
the tax imposed by Charter §14.05 shall be effective if approved by a
majority (50% + one) of the qualified voters voting on the question.

If approved by the voters at the April 5, 2005 Regular Election, this proposition shall be
effective for the April 5, 2005 Regular Election, and may affect the results of that election.

YES  NO

Section 2. The proposition contained in Section 1 of this ordinance, and the amendments to the
Anchorage Municipal Charter, shall become effective if, and only if, approved by a majority of the voters
voting on the question.

Section 3. The amendments to the Charter shall be effective immediately, subject to approval of the
proposition contained in Section 1 of this ordinance.

PASSED AND APPROVED by the Anchorage Assembly this 15th day of February, 2005.

Chair

ATTEST:

Municipal Clerk
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**POSSIBLE FTF & TEMP:**

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The revenue indicated above will be generated through the proposed 4% increase in the room tax combined with interest earned on the operating reserve fund and bond redemption funds. The expenses are expected to be in the form of direct costs. Interest earned on the operating reserve fund and bond redemption funds. The expenses are expected to be in the form of direct costs. The annual operating subsidy that will be paid to the ACVB, the contract operator of the convention center. Any net revenue remaining after the operating subsidy payment may be used to help fund a capital reserve fund or transferred to the Municipal Affairs Corporation (CMAC).
A copy of the private sector impacts were addressed in an economic analysis prepared by Northern Economics, dated January, 2005. A copy of the Executive Summary from that report is attached.
MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM No. 71-2005

Meeting Date: February 1, 2005

From: Mayor

Subject: AN ORDINANCE SUBMITTING TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION AMENDING THE ANCHORAGE MUNICIPAL CHARTER TO PROHIBIT USE OF PROPERTY TAX REVENUES FOR CONSTRUCTION, MAINTENANCE OR OPERATION OF A CONVENTION CENTER, TO ADOPT A FOUR PERCENT (4%) TAX TO SUPPORT ISSUANCE OF REVENUE BONDS TO FINANCE A CONVENTION CENTER AND RENOVATION OF THE EGAN CIVIC AND CONVENTION, AND TO PROVIDE FOR APPROVAL BY A MAJORITY (FIFTY PERCENT PLUS ONE) OF QUALIFIED VOTERS VOTING ON THE QUESTION.

A new civic and convention center for Anchorage will generate millions of dollars in new economic activity, create hundreds of new jobs, and better serve the civic needs of Anchorage residents with more space for local conferences and shows. The attached ballot proposition calls for voter approval of an increase in Anchorage’s hotel/motel/bed and breakfast room tax, while enshrining in the city Charter that no property tax revenues will be used for the new center.

The Municipality of Anchorage has selected a proposal by Alaska Center for Convention and Trade, LLC, to design and construct a new civic and convention center in downtown Anchorage between the Atwood and ConocoPhillips buildings and 7th and 8th Avenues. The total cost of the center is budgeted at $93 million. It will be financed by the sale of tax exempt revenue bonds supported by a proposed increase in Anchorage’s hotel/motel tax. There would be no cost to local property taxpayers; convention users and visitors will pay for the new center through the bed tax increase, which must be approved by voters in the April 2005 city election.

The need for a new center

Conventions, meetings and trade shows currently generate about $177 million annually for the Anchorage economy. But the city is missing millions of dollars more in convention trade because of inadequate space in the Egan Convention Center and other existing facilities. A new study by Northern Economics estimates that within five years of construction of a new center, total additional spending in Anchorage from the new center and the existing Egan Center would grow to $250 million annually.

The Anchorage Convention and Visitors Bureau has identified more than 450 potential conventions of 2,500-5,000 delegates that could be pursued if Anchorage had adequate convention exhibit space. Current space limitations at the Egan Center allow Anchorage to
market to only 60 percent of available meetings and conventions. A new center will open that to 80 percent.

The benefits of a new center

A new civic and convention center would create 1,300 direct and indirect jobs during the three-year construction phase, according to the Northern Economics study. Once opened, the new center will more than double the number of jobs related to convention center operations, from 1,780 now to 3,705.

A new civic and convention center also will expand opportunities for home-grown events, from the Boat Show and Gun Show to the weekend hockey games. Today, inadequate space in the Egan Center, Sullivan Arena and other facilities mean multiple events are impossible or conflict with each other. A new center will enable many of those events to move to the new center, freeing up the Sullivan for more weekend Alaska Aces games, for example.

Financing and approval of the new center

The total cost of the new center is projected at $93 million. Project funding will be provided through tax exempt revenue bonds supported by revenues from an increase in the city’s bed tax, from the current 8 percent to 12 percent. In addition, the city will continue to contribute $500,000 per year from its share of the bed tax to repay the bonds. Local property taxes will not be used to repay the bonds.

This ballot proposition amends the Charter to permit approval of the bed tax by a 50 percent vote of the people. It does not change the 60 percent requirement for any other tax and it does not eliminate the 60 percent requirement. Including this exception to the 60 percent provision in the Charter by a 50 percent vote of the people is in accordance with the Alaska Constitution, which states that Municipal Charter amendments require approval of only a majority of the voters.

THE ADMINISTRATION RECOMMENDS APPROVAL OF THE ORDINANCE

AMENDING THE ANCHORAGE MUNICIPAL CHARTER TO PROHIBIT USE OF PROPERTY TAX REVENUES FOR CONSTRUCTION, MAINTENANCE AND OPERATION OF A CONVENTION CENTER, TO ADOPT A FOUR PERCENT (4%) TAX TO SUPPORT ISSUANCE OF REVENUE BONDS TO FINANCE A CONVENTION CENTER AND RENOVATION OF THE EGAN CIVIC AND CONVENTION, AND TO PROVIDE FOR APPROVAL BY A MAJORITY (FIFTY PERCENT PLUS ONE) OF QUALIFIED VOTERS VOTING ON THE QUESTION.

Prepared by: Mary Jane Michael, Executive Director,
Economic & Community Development
Concur: Denis C. LeBlanc, Municipal Manager
Respectfully submitted: Mark Begich, Mayor
From: Mayor Begich and Assembly Chair Traini
Subject: AO 2005-17, Convention Center Proposition

In close cooperation with the Anchorage Convention and Visitors Bureau (ACVB), the Anchorage Chamber of Commerce, the Chugia E Eagle River Chamber of Commerce, the Anchorage Economic Development Corporation (AEDC), and the Downtown Partnership, this administration has proposed and the Assembly has approved a comprehensive development plan for construction and operation of a new Civic and Convention Center for Anchorage.

In order to construct, operate, and maintain the new facility without risk to local property taxpayers, an increase in the existing hotel/motel bed tax has been proposed. An amendment to the Home Rule Charter providing for that increase is proposed through AO 2005-17 and, with the approval of the Assembly, will be submitted to Anchorage voters at the regular election of April 5, 2005. While state law permits amendment of home rule charters through ballot propositions approved by a simple majority of qualified local voters, the Anchorage Municipal Charter, since 1997, has required a vote of 60% to approve imposition of new sales taxes or increases in existing sales taxes.

In offering AO 2005-17 to the Assembly and to the voters for approval, it is our intent to retain and respect the historic commitment made by Anchorage voters in 1997 to impose a 60% or supermajority requirement for approval of general sales tax propositions within the Municipality. To that end, the Charter amendment proposed by AO 2005-17 is specifically limited to the 4% increase in hotel/motel bed sales taxes necessary to fully fund the construction, operation, and maintenance of a new Civic and Convention Center without risk to local property tax payers. The proposed amendment leaves the fundamental policy approved by voters in 1997 governing levy of additional sales taxes undisturbed and by no means is to be construed as opening the door to additional sales taxes on other goods and commodities except as otherwise allowed under the current Charter.

With these principles in mind, submission of the ballot proposition contained in AO 2005-17 to the voters in April, 2005 is recommended.

Prepared By: Mike Gutierrez, Utility Budget Analyst
Reviewed By: Elvi Gray-Jackson, Director of Assembly Budget and Legislative Services
Submitted By: Mayor Begich and Assembly Chair Traini
Content Information

Content ID: 002576
Type: Ordinance-InvolvingFunds - AO
Title: AN ORDINANCE SUBMITTING TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION AMENDING THE ANCHORAGE MUNICIPAL CHARTER TO PROHIBIT USE OF PROPERTY TAX REVENUES FOR CONSTRUCTION, MAINTENANCE OR OPERATION OF A CONVENTION CENTER, TO
Author: thomasm
Initiating Dept: ECD
Select Routing: Custom
Review Dept: OMB, MunManager
Description: BALLOT PROP TO RAISE BED TAX (4%) FOR FUNDING CONSTRUCTION OF CONVENTION CENTER
Keywords: Convention Center
Date Prepared: 1/28/05 2:10 PM
Assembly Meeting Date 2/1/05 MM/DD/YYYY:
Public Hearing Date 2/1/05 MM/DD/YYYY:

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ADDENDUM - CONSENT AGENDA - INTRODUCTION