

Submitted by: Chair of the Assembly at the Request of the Mayor
Prepared by: Department of Economic & Community Development
For reading: February 1, 2005

CLERK'S OFFICE

APPROVED

Date: 2-15-05
IMMEDIATE RECONSIDERATION
FAILED 2-15-05

ANCHORAGE, ALASKA
AO No. 2005-17

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)).

1 Shall the Anchorage Municipal Charter be amended by adding the following two new
2 sections to Article XIV:
3

4 **Section 14.04** **Prohibition on Use of Property Taxes for**
5 **Convention Center.**
6

7 Property taxes shall not be used to finance the acquisition, construction,
8 operation or maintenance of a new civic and convention center.
9

10 **Section 14.05** **Hotel Motel and Bed & Breakfast Room Tax.**
11

12 A. There is hereby levied a tax on all hotel, motel and bed & breakfast
13 room rents in an amount equal to four percent (4%) of the room rent
14 paid to an operator.
15

16 1. Revenues received from this tax are dedicated to financing the
17 design, site acquisition, construction, landscaping, bonded
18 debt service or lease payments, carrying costs, and operation
19 of a new civic and convention center, including parking
20 facilities and renovation and operation of the existing Egan
21 Civic and Convention Center.
22

23 2. If bonds are issued to finance the acquisition and construction
24 of a new civic and convention center, the revenue derived
25 from this tax shall first be used to pay annual principal,
26 interest and other carrying costs of said bonds, until such
27 bonds are paid in full.
28

29 B. The Assembly shall enact such additional provisions, not inconsistent
30 with this section, as necessary or desirable to implement this section.
31 Such enactments may include provisions to terminate or reduce the
32 tax upon payment of all bond principal, interest and carrying costs,
33 and appropriation of tax revenues, if any, excess to payment of the
34 principal and interest on the bonds and support for operation of the
35 convention center.
36

37 And amending Anchorage Municipal Charter, Article II (4), and Charter §14.01(b) as
38 follows:
39

40 **ARTICLE II** **BILL OF RIGHTS**
41

42 This Charter guarantees rights to the people of Anchorage that are in addition
43 to rights guaranteed by the Constitution of the United States of America and
44 the Constitution of the State of Alaska. Among rights guaranteed by this
45 Charter are:
46

47 *** **

(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.

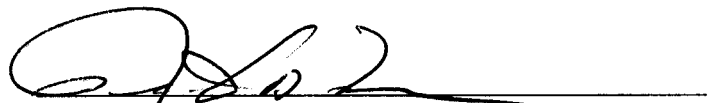
If approved by the voters at the April 5, 2005 Regular Election, this proposition shall be effective for the April 5, 2005 Regular Election, and may affect the results of that election.

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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MUNICIPALITY OF ANCHORAGE

Summary of Economic Effects -- General Government

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 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.

AO Number: 2005-17

Sponsor:

Preparing Agency:

Others Impacted:

CHANGES IN EXPENDITURES AND REVENUES:					
(In Thousands of Dollars)					
	FY05	FY06	FY07	FY08	FY09
Operating Expenditures					
1000 Personal Services					
2000 Non-Labor					
3900 Contributions		\$ 6,145,522	\$ 6,463,364	\$ 6,523,649	\$ 7,189,537
4000 Debt Service					
5000 Debt Service					
TOTAL DIRECT COSTS:	\$ -	\$ 6,145,522	\$ 6,463,364	\$ 6,523,649	\$ 7,189,537
Add: 6000 Charges from Others					
Less: 7000 Charges to Others					
FUNCTION COST:	\$ -	\$ 6,145,522	\$ 6,463,364	\$ 6,523,649	\$ 7,189,537
REVENUES:		\$ 6,145,522	\$ 6,463,364	\$ 6,523,649	\$ 7,189,537

CAPITAL:

POSITIONS: FT/PT and Temp

PUBLIC SECTOR ECONOMIC EFFECTS:

The revenues 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 expenditures are expected to be in the form of lease payments to a non-profit entity that will sell tax exempt bonds and own the facility while the bonds are outstanding. The terms of tax exempt debt, known as 63-20 debt based on the IRS letter ruling that authorizes such debt, will include a requirement that ownership of the convention center is transferred to the Municipality of Anchorage when the debt is fully paid (30 years). The non-profit will use the lease payments received from the MOA to make principal and interest payments on the debt. Revenue generated in excess of amount required to be paid by the lease agreement will be combined with a \$500,000 annual contribution from the MOA's share of the current room tax to support a \$1.6 million annual operating subsidy that will be paid to the ACVB, the contract operator of the convention center. Any net revenue still remaining after the operating subsidy payment may be used to help fund a capital reserve fund or transferred to the MOA.

PRIVATE SECTOR ECONOMIC EFFECTS:

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.

Prepared by: Jeffrey E. Sinz

Telephone: 343-6619



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM No. 71-2005

Meeting Date: February 1, 2005

1 **From:** Mayor

2
3 **Subject:** AN ORDINANCE SUBMITTING TO THE QUALIFIED VOTERS OF THE
4 MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION AMENDING THE
5 ANCHORAGE MUNICIPAL CHARTER TO PROHIBIT USE OF PROPERTY TAX
6 REVENUES FOR CONSTRUCTION, MAINTENANCE OR OPERATION OF A
7 CONVENTION CENTER, TO ADOPT A FOUR PERCENT (4%) TAX TO SUPPORT
8 ISSUANCE OF REVENUE BONDS TO FINANCE A CONVENTION CENTER AND
9 RENOVATION OF THE EGAN CIVIC AND CONVENTION, AND TO PROVIDE FOR
10 APPROVAL BY A MAJORITY (FIFTY PERCENT PLUS ONE) OF QUALIFIED VOTERS
11 VOTING ON THE QUESTION.
12

13 A new civic and convention center for Anchorage will generate millions of dollars in new
14 economic activity, create hundreds of new jobs, and better serve the civic needs of Anchorage
15 residents with more space for local conferences and shows. The attached ballot proposition calls
16 for voter approval of an increase in Anchorage's hotel/motel/bed and breakfast room tax, while
17 enshrining in the city Charter that no property tax revenues will be used for the new center.
18

19 The Municipality of Anchorage has selected a proposal by Alaska Center for Convention and
20 Trade, LLC, to design and construct a new civic and convention center in downtown Anchorage
21 between the Atwood and ConocoPhillips buildings and 7th and 8th Avenues. The total cost of the
22 center is budgeted at \$93 million. It will be financed by the sale of tax exempt revenue bonds
23 supported by a proposed increase in Anchorage's hotel/motel tax. There would be no cost to
24 local property taxpayers; convention users and visitors will pay for the new center through the
25 bed tax increase, which must be approved by voters in the April 2005 city election.
26

27 **The need for a new center**

28 Conventions, meetings and trade shows currently generate about \$177 million annually for the
29 Anchorage economy. But the city is missing millions of dollars more in convention trade because
30 of inadequate space in the Egan Convention Center and other existing facilities. A new study by
31 Northern Economics estimates that within five years of construction of a new center, total
32 additional spending in Anchorage from the new center and the existing Egan Center would grow
33 to \$250 million annually.
34

35 The Anchorage Convention and Visitors Bureau has identified more than 450 potential
36 conventions of 2,500-5,000 delegates that could be pursued if Anchorage had adequate
37 convention exhibit space. Current space limitations at the Egan Center allow Anchorage to

1 market to only 60 percent of available meetings and conventions. A new center will open that to
2 80 percent.

3
4 **The benefits of a new center**

5 A new civic and convention center would create 1,300 direct and indirect jobs during the three-
6 year construction phase, according to the Northern Economics study. Once opened, the new
7 center will more than double the number of jobs related to convention center operations, from
8 1,780 now to 3,705.

9
10 A new civic and convention center also will expand opportunities for home-grown events, from
11 the Boat Show and Gun Show to the weekend hockey games. Today, inadequate space in the
12 Egan Center, Sullivan Arena and other facilities mean multiple events are impossible or conflict
13 with each other. A new center will enable many of those events to move to the new center,
14 freeing up the Sullivan for more weekend Alaska Aces games, for example.

15
16 **Financing and approval of the new center**

17 The total cost of the new center is projected at \$93 million. Project funding will be provided
18 through tax exempt revenue bonds supported by revenues from an increase in the city's bed tax,
19 from the current 8 percent to 12 percent. In addition, the city will continue to contribute
20 \$500,000 per year from its share of the bed tax to repay the bonds. Local property taxes will not
21 be used to repay the bonds.

22
23 This ballot proposition amends the Charter to permit approval of the bed tax by a 50 percent vote
24 of the people. It does not change the 60 percent requirement for any other tax and it does not
25 eliminate the 60 percent requirement. Including this exception to the 60 percent provision in the
26 Charter by a 50 percent vote of the people is in accordance with the Alaska Constitution, which
27 states that Municipal Charter amendments require approval of only a majority of the voters.

28
29 THE ADMINISTRATION RECOMMENDS APPROVAL OF THE ORDINANCE
30 AMENDING THE ANCHORAGE MUNICIPAL CHARTER TO PROHIBIT USE OF
31 PROPERTY TAX REVENUES FOR CONSTRUCTION, MAINTENANCE AND
32 OPERATION OF A CONVENTION CENTER, TO ADOPT A FOUR PERCENT (4%) TAX
33 TO SUPPORT ISSUANCE OF REVENUE BONDS TO FINANCE A CONVENTION
34 CENTER AND RENOVATION OF THE EGAN CIVIC AND CONVENTION, AND TO
35 PROVIDE FOR APPROVAL BY A MAJORITY (FIFTY PERCENT PLUS ONE) OF
36 QUALIFIED VOTERS VOTING ON THE QUESTION.

37
38
39 Prepared by: Mary Jane Michael, Executive Director,
40 Economic & Community Development
41 Concur: Denis C. LeBlanc, Municipal Manager
42 Respectfully submitted: Mark Begich, Mayor
43
44



MUNICIPALITY OF ANCHORAGE
ASSEMBLY INFORMATION MEMORANDUM
NO. AIM 14-2005

Meeting Date: February 1, 2005

1 **From:** Mayor Begich and Assembly Chair Traini

2 **Subject:** AO 2005-17, Convention Center Proposition

3
4 In close cooperation with the Anchorage Convention and Visitors Bureau (ACVB), the
5 Anchorage Chamber of Commerce, the Chugiak-Eagle River Chamber of Commerce, the
6 Anchorage Economic Development Corporation (AEDC), and the Downtown Partnership,
7 this administration has proposed and the Assembly has approved a comprehensive
8 development plan for construction and operation of a new Civic and Convention Center for
9 Anchorage.

10
11 In order to construct, operate, and maintain the new facility without risk to local property
12 taxpayers, an increase in the existing hotel/motel bed tax has been proposed. An
13 amendment to the Home Rule Charter providing for that increase is proposed through AO
14 2005-17 and, with the approval of the Assembly, will be submitted to Anchorage voters at
15 the regular election of April 5, 2005. While state law permits amendment of home rule
16 charters through ballot propositions approved by a simple majority of qualified local voters,
17 the Anchorage Municipal Charter, since 1997, has required a vote of 60% to approve
18 imposition of new sales taxes or increases in existing sales taxes.

19
20 In offering AO 2005-17 to the Assembly and to the voters for approval, it is our intent to
21 retain and respect the historic commitment made by Anchorage voters in 1997 to impose a
22 60% or supermajority requirement for approval of general sales tax propositions within the
23 Municipality. To that end, the Charter amendment proposed by AO 2005-17 is specifically
24 limited to the 4% increase in hotel/motel bed sales taxes necessary to fully fund the
25 construction, operation, and maintenance of a new Civic and Convention Center without risk
26 to local property tax payers. The proposed amendment leaves the fundamental policy
27 approved by voters in 1997 governing levy of additional sales taxes undisturbed and by no
28 means is to be construed as opening the door to additional sales taxes on other goods and
29 commodities except as otherwise allowed under the current Charter.

30
31 With these principles in mind, submission of the ballot proposition contained in AO 2005-17
32 to the voters in April, 2005 is recommended.

33
34 Prepared By: Mike Gutierrez, Utility Budget Analyst
35 Reviewed By: Elvi Gray-Jackson, Director of Assembly Budget and Legislative Services
36 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 Depts: OMB, MuniManager

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/YY:

Public Hearing

Date 2/15/05

MM/DD/YY:

2005 JUN 28 PM 2:42
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Workflow History

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
AllFundOrdinanceWorkflow	1/28/05 2:15 PM	Checkin	thomasm	Public	002576
ECD_SubWorkflow	1/28/05 2:19 PM	Approve	thomasm	Public	002576
OMB_SubWorkflow	1/28/05 2:21 PM	Approve	pearcydl	Public	002576
MuniManager_SubWorkflow	1/28/05 2:22 PM	Approve	katkusja	Public	002576
MuniMgrCoord_SubWorkflow	1/28/05 2:22 PM	Approve	katkusja	Public	002576