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For reading: October 22, 2024

**ANCHORAGE, ALASKA  
AO No. 2024-105**

1 AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY PROPOSING  
2 A DEDICATED PROPERTY TAX MEASURE TO BE SUBMITTED TO THE  
3 QUALIFIED VOTERS OF THE MUNICIPALITY THAT WOULD ENACT A SALES  
4 AND USE TAXES OF THREE PERCENT (3%) IN THE AGGREGATE ON THE  
5 SALE OF GOODS AND SERVICES WITHIN THE MUNICIPALITY, WITH  
6 CERTAIN EXEMPTIONS, A MAXIMUM TAX AMOUNT PER TRANSACTION,  
7 COMPRISED OF A TWO PERCENT (2%) TAX DEDICATED FOR THE SOLE  
8 PURPOSE OF REDUCING PROPERTY TAXES PROPORTIONATELY  
9 THROUGHOUT THE MUNICIPALITY WITHIN THE "TAX CAP"  
10 CALCULATION, AND A ONE PERCENT (1%) TAX OUTSIDE OF THE TAX  
11 CAP DEDICATED FOR ESTABLISHMENT OF A TRUST FUND TO PAY FOR  
12 VOTER APPROVED CAPITAL PROJECTS KNOWN AS MUNICIPAL AREA  
13 PROJECTS (MAPs); COSTS OF ADMINISTRATION, COLLECTION AND AUDIT  
14 OF THESE SALES AND USE TAXES SHALL BE SHARED PROPORTIONALLY  
15 BETWEEN THE TAXES; PROVIDING FOR A MAPs CITIZENS ADVISORY AND  
16 OVERSIGHT BOARD; PROVIDING A LIMITED TERM OF SEVEN (7) YEARS  
17 FOR THE AGGREGATED 3% SALES AND USE TAX LEVY; AMENDING  
18 ANCHORAGE MUNICIPAL CODE CHAPTER 12.25 REGARDING THE TAX  
19 INCREASE LIMITATION; ADDING A NEW CHAPTER TO THE ANCHORAGE  
20 MUNICIPAL CODE TO PARTIALLY IMPLEMENT THIS TAX REVENUE  
21 DIVERSIFICATION MEASURE; AND PROVIDING FOR TRANSITION  
22 PROCEDURES AND EFFECTIVE DATES.

23  
24 **WHEREAS**, there has been a desire by the community to reduce property taxes  
25 and a desire to diversify our tax base by ensuring non-residents who purchase  
26 goods, consume services, benefit from public safety services, and use public  
27 facilities and streets within the Municipality primarily funded through residential  
28 property tax revenue will contribute to their provision and upkeep within the  
29 Municipality of Anchorage; and

30  
31 **WHEREAS**, the Municipality of Anchorage is suffering from a net outmigration of  
32 residents with a net decline from 2013 (302,127) to 2023 (289,653) of 12,474  
33 residents or ~4.1%; of which 18,314 are of working age and multiple forecasts  
34 predict this decline will continue; and

35  
36 **WHEREAS**, there is a desire to revitalize Anchorage through Municipal Area  
37 Projects (MAPs) that will attract and retain residents, increase resident and visitor  
38 enjoyment, and enhance the livability of Anchorage; and

1  
2 **WHEREAS**, to reduce the regressive effect of a general retail sales tax, exemptions  
3 will be provided for common and basic necessity transactions; and  
4

5 **WHEREAS**, to reduce the regressive effect of a general retail sales tax, the proposal  
6 recommends a "hardship relief" component in which the Assembly determine a  
7 process whereby Anchorage households with annual income at or below the 80%  
8 federal poverty line may apply for exemption from the sales and use tax altogether,  
9 and

10  
11 **WHEREAS**, there will be imposed a \$1,000 cap on the amount of a purchase  
12 transaction subject to the sales taxes, limiting the amount of tax paid to a maximum  
13 of \$30 per transaction; and  
14

15 **WHEREAS**, the term of the tax would be limited to no more than seven (7) full  
16 calendar years from the start of the tax levy and collections, excluding the initial  
17 partial year; and  
18

19 **WHEREAS**, forecasted annual revenue from the tax, based on the mid-range of  
20 estimates, is expected to be \$180 million with two-thirds going to property tax relief  
21 and, one-third going to Municipal Area Projects approved by the voters after  
22 payment of costs of administration, collection and audit of the tax; and  
23

24 **WHEREAS**, the amount of property tax relief is forecasted to be 16% or  
25 approximately \$265 for each \$100,000 of assessed home value in the Municipality,  
26 which is a reduction of approximately ~\$1,195 to the property tax bill for an average  
27 home valued at \$450,000; and  
28

29 **WHEREAS**, Municipal Area Projects would have oversight provided by a MAPs  
30 Citizen Advisory and Oversight Board when appointed by the Mayor and confirmed  
31 by the Assembly; and  
32

33 **WHEREAS**, a sales tax is not new to Alaska with sales taxes implemented in  
34 Juneau, Kenai, Homer, Ketchikan, Kodiak, Palmer, Seward, Soldotna, Wasilla and  
35 other jurisdictions; and  
36

37 **WHEREAS**, as a Home Rule municipality a Municipality of Anchorage sales tax  
38 would have priority over any state sales tax imposed; and  
39

40 **WHEREAS**, MAPs will be required to have 80% of funding in place prior to the  
41 commencing of field or site work in order to ensure projects are funded from MAPs  
42 Fund and Trust reserves; and  
43

44 **WHEREAS**, under this proposal the MAPs Fund and Trust reserves shall not be  
45 used to secure debt; now, therefore  
46

1 **Section 1.** Pursuant to state law and the Anchorage Municipal Charter, a ballot  
2 proposition in substantially the same form as appears in Section 2 below shall be  
3 placed on the ballot and submitted to the qualified voters of the Municipality at the  
4 regular municipal election on April 1, 2025.

5  
6 **Section 2.** The ballot proposition shall be presented in substantially the following  
7 form:

8  
9  
10 **PROPOSITION NO. \_\_\_\_\_**  
11 **TAX REVENUE DIVERSIFICATION MEASURE:**  
12 **DEDICATED PROPERTY TAX REDUCTION AND CAPITAL**  
13 **INVESTMENT MEASURE: CHARTER AMENDMENT AND ORDINANCE**  
14 **TO AUTHORIZE THE LEVY OF A 3% SALES AND USE TAX,**  
15 **COMPRISED OF 2% DEDICATED FOR PROPERTY TAX REDUCTION**  
16 **UNDER THE "TAX CAP," AND 1% DEDICATED TO FUNDING**  
17 **MUNICIPAL AREA PROJECTS APPROVED BY THE VOTERS OUTSIDE**  
18 **THE "TAX CAP."**

19 The proposed Charter Amendment and Assembly Ordinance 2024-\_\_\_\_\_  
20 would authorize and enact a seven (7) calendar year term-limited aggregated  
21 three percent (3%) sales and use tax on the sale or use of goods and services  
22 within the Municipality of Anchorage, with certain specified exemptions. This  
23 is comprised of two separate sales and use tax levies for separate purposes:

24  
25 (1) A two percent (2%) sales and use tax dedicated to the reduction of  
26 property taxes under the tax cap. The full amount of this tax revenue, after  
27 2/3 of cost of administration, collection and audit to the Municipality for the  
28 2% sales tax, will be utilized in the tax increase limitation calculation of  
29 Anchorage Municipal Charter section 14.03 (commonly referred to as the  
30 "Tax Cap"), and **dedicated to reduction of property taxes, dollar for**  
31 **dollar. This is estimated to reduce the overall property tax burden by**  
32 **approximately \$120 million, or 16% of an average property tax bill.** Tax  
33 proceeds from one fiscal year will be applied to reduce the property tax in the  
34 following fiscal year. The tax shall be first levied no earlier than July 1, 2026  
35 and no later than July 1, 2027 as determined by the assembly, and for that  
36 first partial calendar year the Municipality will also collect property taxes  
37 without reduction.

38  
39 (2) A one percent (1%) tax dedicated to fund Municipal Area Projects  
40 (MAPs) approved by the voters. The full amount of this tax will be excluded  
41 from (e.g. "outside") the Tax Cap. The net receipts of this tax, after 1/3 of  
42 costs of administration, collection and audit to the Municipality for the 1%  
43 sales tax, and after costs of MAPs facility lifetime operations, maintenance,  
44 and safety for constructed and related improvements, are solely dedicated to  
45 funding of MAPs approved by the voters, listed in this proposition. A project  
46 may not break ground until funding for 80% of its estimated construction costs

1 are appropriated. A minimum "Trust reserves" amount will be required during  
2 the economic life of constructed MAPs in order to use investment earnings  
3 to pay for operations and maintenance of them. The MAPs shall not use bond  
4 debt, and the MAPs tax funds and reserves shall not be used to secure debt.  
5 The funds and reserves shall be overseen by a MAPs Citizen Advisory and  
6 Oversight Board authorized by this proposition and established by ordinance  
7 and if appointed by the mayor and approved by the assembly.  
8

9 The following MAPs, identified by Anchorage residents, will be constructed,  
10 maintained and operated pursuant to this proposition:  
11

12 Main Projects:

- 13 1. XXX
- 14 2. XXX
- 15 3. XXX
- 16 4. XXX
- 17
- 18

19 Supplemental Projects:

- 20 1. XXX
- 21 2. XXX
- 22
- 23

24 AO 2024-\_\_ amends the Anchorage Municipal Code to partially implement  
25 the administration of the sales and use taxes authorized by this proposition  
26 and is effective contingent on voter approval of the Charter amendments  
27 herein. The ordinance includes

- 28 • a maximum amount to be taxed per good or service contract, or per  
29 transaction, on only the first \$1,000. The ordinance accounts for  
30 multiple items and goods purchased as part of a single transaction  
31 taking place during a single day.
- 32 • a partial reimbursement to sellers allowing each to retain up to 3% of  
33 the taxes collected to offset their costs of collecting the tax for the  
34 Municipality, not to exceed \$3,000 per year per seller.
- 35 • Exemptions to the sales and use tax required by state or federal law,  
36 and authorization for exemptions from taxation on certain goods and  
37 services, including but not limited to rental housing, childcare costs,  
38 childcare products, medical services, non-prepared foods, financial  
39 transactions, automobile fuel, menstrual products and prescription  
40 medications. The Anchorage Assembly is authorized to enact  
41 additional exemptions. Note that transactions already subject to a  
42 specific retail sales tax by the Municipality (room rentals, motor vehicle  
43 rentals, marijuana and marijuana products, and alcoholic beverages)  
44 are not exempt and will have this additional retail sales and use tax  
45 applied.  
46

1 This Tax Revenue Diversification Measure proposes to amend Anchorage  
2 Municipal Charter Section 14.03 and add new Sections 14.08 and 14.09 as  
3 follows (new language proposed is shown in **bold and underlined**; language  
4 to be deleted is shown with [~~strikeout in bold and brackets~~):

5  
6 **Section 14.03. - Tax increase limitation.**

7  
8 (a) Except as provided in this section, the total amount of municipal  
9 tax that can be levied during a fiscal year shall not exceed the total  
10 amount approved by the assembly for the preceding year by more  
11 than a percentage determined by adding the average percentage  
12 increase in the Federal Consumer Price Index for Anchorage from  
13 the preceding five fiscal years plus the average percentage growth  
14 or loss in the Anchorage municipal population over the preceding  
15 five fiscal years as determined by the state department of  
16 community and regional affairs.

17 (1) The "total amount of the municipal tax that can be levied  
18 during a fiscal year" and the "total amount approved by the  
19 assembly for the preceding year" in subsection (a) of this  
20 section shall include all payments in-lieu of taxes paid or to  
21 be paid by any Municipality of Anchorage utility,  
22 department, agency or public corporation or authority.

23  
24 (2) The "total amount approved by the assembly for the  
25 preceding year" shall be the total amount of the taxes and  
26 payments in-lieu of taxes approved by the assembly for  
27 collection in the preceding year.

28  
29 **(3) For 2027, the "total amount of the municipal tax that can**  
30 **be levied during [the] fiscal year" shall be reduced by**  
31 **an amount equal to the gross receipts of the two**  
32 **percent (2%) sales and use tax collected after 2/3 of**  
33 **costs of administration, collection and audit to the**  
34 **Municipality pursuant to Charter § 14.08 in 2026.**

35  
36 **(4) For 2028 through 2034, "the total amount approved by**  
37 **the assembly for the preceding year" shall be**  
38 **considered to include gross receipts of the two percent**  
39 **(2%) sales and use tax collected after 2/3 of costs of**  
40 **administration, collection and audit to the Municipality**  
41 **pursuant to Charter § 14.08 the year prior to the year for**  
42 **which the increase limitation is calculated; and the**  
43 **resulting "total amount of the municipal tax that can be**  
44 **levied during [the] fiscal year" shall be adjusted by the**  
45 **same amount.**

- 1  
2 (b) The limitations set forth in subsection (a) do not apply to the following:  
3 (1) Taxes on new construction or property improvements which  
4 occur during the current fiscal year.  
5 (2) Taxes required to fund additional services mandated by voter  
6 approved ballot issues.  
7 (3) Special taxes authorized by voter approved ballot issues.  
8 (4) Taxes required to fund the costs of judgments entered against  
9 the municipality or to pay principal or interest on bonds,  
10 including revenue bonds.  
11 (5) Taxes required to fund the cost of an emergency ordinance  
12 enacted pursuant to 10.03 of the Municipal Charter.  
13 (6) Taxes imposed pursuant to Charter § 14.06 prior to 2019 and  
14 subsequent to 2023.  
15 **(7) Taxes imposed pursuant to Charter § 14.08.**  
16 **(8) Taxes imposed pursuant to Charter § 14.09.**  
17  
18 (c) Any tax increases which result from the exceptions set forth in  
19 subsection (b)(1)—(3) shall be added to the base amount which is  
20 used in subsection (a) for the calculations of the subsequent year tax  
21 increase limit. Taxes collected pursuant to Charter § 14.06 in 2018  
22 shall be added to the base amount which is used in subsection (a) for  
23 calculations of the 2019 tax increase limit. Taxes collected pursuant  
24 to Charter § 14.06 in 2024 and subsequent years shall be in addition  
25 to taxes that can be levied pursuant to this section. To ameliorate the  
26 effect of excepting taxes in subsection (b)(6) subsequent to 2023, the  
27 total amount of municipal tax that can be levied as calculated under  
28 subsection (a) for 2024 only shall be reduced by one million dollars.

29 \*\*\*                      \*\*\*                      \*\*\*

30  
31 **Section 14.08. - Sales and Use Tax Dedicated to Property Tax Relief.**

- 32  
33 **(a) The assembly is hereby authorized to levy, to the extent**  
34 **provided by law, a two percent (2%) tax on the sale and use of**  
35 **goods and services within the municipality, with exemptions**  
36 **as provided by law. The tax shall first be levied no earlier than**  
37 **July 1, 2026 and no later than July 1, 2027, as determined by**  
38 **the assembly by ordinance. The tax shall sunset and be**  
39 **repealed effective at 11:59 p.m. on December 31 of the seventh**  
40 **full calendar year following the date the tax was first levied,**  
41 **absent voter approval to the contrary.**  
42  
43 **(b) The proceeds of the 2% sales and use tax authorized by this**  
44 **section in one fiscal year after payment of the 2/3 costs of**  
45 **administration, collection and audit to the municipality for the**  
46 **2% sales and use tax are dedicated to property tax reduction in**

1 the following year. This reduction shall be accomplished by  
2 expenditure of the gross receipts in place of property taxes in  
3 any manner for which property taxes are authorized.

4  
5 (c) The costs of administration, collection and audit for the tax  
6 authorized by this section shall be incurred proportionally from  
7 the 1% and 2% taxes collected.

8  
9 (d) The assembly may prescribe exemptions to the tax imposed  
10 by this section by ordinance, and shall enact such additional  
11 provisions, not inconsistent with this section, as necessary  
12 or desirable to implement this section.

13  
14 (e) Notwithstanding Charter §§ 14.06 and 14.07, the tax levied  
15 under this section applies to goods taxed by those sections,  
16 unless exempted by the assembly by ordinance.

17  
18 Section 14.09 - Sales and Use Tax Dedicated to Municipal Area Projects  
19 (MAPs) approved by the voters.

20  
21 (a) In addition to the two percent (2%) tax authorized by Charter  
22 § 14.08, the assembly is hereby authorized to levy a one  
23 percent (1%) tax on the sale and use of goods and services  
24 within the municipality dedicated to funding Municipal Area  
25 Projects (MAPs). This tax shall be levied at the same time, in  
26 the same manner, and with identical exemptions as the tax  
27 authorized by Charter § 14.08. The net receipts from this one  
28 percent (1%) sales and use tax, after payment of the 1/3 costs  
29 of administration, collection and audit to the municipality for  
30 the 1% sales and use tax, and after transfers for the costs for  
31 operations, maintenance and safety for constructed MAPs and  
32 related improvements, shall be dedicated to funding  
33 development and construction costs of MAPs. The tax shall  
34 sunset and be repealed effective the same time as the tax  
35 authorized by Charter § 14.08 sunsets and is repealed, absent  
36 voter approval to the contrary.

37  
38 (b) The proceeds of the one percent (1%) sales and use tax  
39 authorized by this section, after payment of 1/3 of costs of  
40 administration, collection and audit, shall be used to establish  
41 a trust fund and be deposited therein. The assembly shall  
42 establish by ordinance a level of trust fund assets reasonable  
43 and necessary to hold in reserve for investment earnings  
44 sufficient to be available during the economic life of any

1 constructed MAPs project for the costs of operations,  
2 maintenance and safety improvements. The assembly may  
3 authorize draws from the trust by ordinance, with the following  
4 stipulations:

5  
6 (1) Investment earnings are first used for payment of costs  
7 for operations, maintenance and safety improvements  
8 for constructed MAPs and related improvements.  
9 Investment earnings unencumbered at the end of the  
10 fiscal year shall become part of the trust corpus.

11  
12 (2) Appropriations from the trust corpus are authorized for  
13 costs of funding design, development, and construction  
14 of a project on the MAPs list; provided that no initial  
15 appropriation for a project's construction costs is  
16 permitted unless the project is 80% funded or more,  
17 regardless of source.

18  
19 (3) Appropriations from the trust corpus may not cause the  
20 balance to fall below the trust reserve level established  
21 by the assembly in accordance with this section.

22  
23 (c) The assembly shall establish an investment policy for the  
24 Trust Fund and Reserves by ordinance. The assembly may  
25 enact such additional provisions, not inconsistent with this  
26 section, as necessary or desirable to implement this section.

27  
28 (d) The costs of administration, collection and audit for the tax  
29 authorized by this section shall be incurred proportionally from  
30 the 1% and 2% taxes collected.

31  
32  
33 (d) Notwithstanding Charter §§ 14.06 and 14.07, the tax levied  
34 under this section applies to goods taxed by those sections,  
35 unless exempted by the assembly by ordinance.

36  
37 And by amending Anchorage Municipal Charter, Article II (4), and Charter  
38 §14.01(b) as follows (underlined and bolded words are proposed new  
39 words; ~~strikeouts in bold~~ are proposed deletions):

40  
41 **ARTICLE II BILL OF RIGHTS**

42  
43 This Charter guarantees rights to the people of Anchorage  
44 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 **and its renewals and  
amendments**, except the taxes imposed by Charter  
**§ [Section] 14.05, § [and Section] 14.07, § 14.08, and  
§ 14.09** 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 **and its renewals and  
amendments**, except the taxes imposed by Charter **§  
Section 14.05, [and] § Section 14.07, § 14.08, and §  
14.09** shall be effective if approved by a majority (50  
percent + one) of the qualified voters voting on the  
question.

If approved by more than 50% of the qualified voters voting on the  
question at the April 1, 2025 Regular Election, the Charter  
amendments will become effective 30 days after certification of the  
election, and the sales and use tax levy will become effective no  
earlier than July 1, 2026 and no later than July 1, 2027, with the date  
of initial levy to be established by the Anchorage Assembly by  
ordinance. The tax will be repealed automatically on December 31  
of the seventh full calendar year after it is first levied.

Shall the Charter be amended as shown above and become law, authorizing  
a temporary, dedicated-use aggregated 3% sales and use tax?

YES                       NO

**Section 3.** Anchorage Municipal Code Title 12 is hereby amended to add a new

chapter 12.80 to read as follows, effective if and only if the proposition in Section 2  
of this ordinance is approved by the voters:

**Chapter 12.80**  
**Tax on the Sale or Use of Goods and Services**

12.80.010	Aggregated Sales and use tax.
12.80.020	Purpose.
12.80.030	Definitions.
12.80.040	Property Tax Relief 2% sales and use tax.
12.80.050	Municipal Area Projects 1% sales and use tax.
12.80.060	MAPs Citizen Advisory and Oversight Board.
12.80.070	Non-taxable sales and exemptions.
12.80.080	Dedicated Sales and Use Tax Trust Fund.
12.80.090	Obligation for payment of tax; disposition of excess collections; liability for uncollected taxes.
12.80.100	Presumption of taxability; sales price and value.
12.80.110	Timely filing allowance, seller reimbursement for collection costs.

**12.80.010 Aggregated sales and use tax.**

A. *Sales Tax Imposed.* An aggregated sales tax of 3% is hereby levied on the taxable sales of all goods and services sold within the municipality, except as provided in this chapter. This consists of two separate sales and use taxes, one of two percent (2%) for property tax relief, and one of one percent (1%) for funding Municipal Area Projects, as authorized by Charter §§ 14.08 and 14.09, respectively.

B. *Use Tax Imposed.* A use tax at the same rate as the sales tax in subsection A., for the privilege of use within the municipality, is hereby levied on the person using the following goods acquired on or after the effective date of initial levy of the sales tax authorized by this section:

1. Goods manufactured in the municipality, only if the person manufacturing the good is not engaged in the business of manufacturing for resale to an end user; or
2. Goods acquired outside of the municipality and primarily used within the municipality, if the acquisition is the result of a transaction subject to the sales tax if it had occurred in the municipality.
3. The first one-thousand dollars (\$1,000) of goods manufactured in the municipality or goods acquired outside of the municipality and primarily used within the municipality, as described in

subparagraphs 1 and 2 above, are exempted from the use tax on an annual basis.

- C. *Credit for taxes previously paid.* The use tax levied under this section shall be adjusted in accordance with AS 29.45.650(c) if the person subject to the use tax provides proof, in the form required by the department, the person previously paid a sales tax imposed by any jurisdiction on the goods.
- D. To the fullest extent permitted under the law and constitutions of the United States and the State of Alaska, and under the Charter, a person who has nexus within the state and whose sales are not subject to the sales taxes shall collect the use tax from the purchaser and pay the tax collected to the municipality.
- E. The aggregated sales and use taxes levied by this section shall be collected for a limited term beginning at 12:01 a.m. on July 1, 2026, for the remainder of that year, plus seven (7) full calendar years until 11:59 p.m. on December 31, 2034 when it shall be repealed by operation of law.

**12.80.020 Purpose.** The purposes of this chapter are:

- A. *Property Tax Relief.* A purpose of this chapter is to provide dedicated property tax relief to the property owners of the municipality. The net receipts of the two percent (2%) sales and use tax, after payment of the 2/3 of costs of administration and collection for sales taxes, shall be applied to reduce property taxes equally and uniformly throughout the municipality so the benefits of the reduction in property taxes are shared throughout the municipality. The two percent (2%) sales and use tax obtained by the municipality in one fiscal year shall be restricted to application to the following fiscal year's budget by appropriations. The amount of the two percent (2%) sales and use tax obtained by the municipality in one fiscal year shall be included in the tax increase limitation computation for the next fiscal year as an offset amount of the real and personal property taxes to be collected for that fiscal year.
- B. *Municipal Area Projects (MAPs):* A purpose of this chapter is to provide funding for Municipal Area Projects (MAPs) recommended and desired by the public. The net receipts of the one percent (1%) sales and use tax, after payment of the 1/3 of costs of administration and collection for sales taxes, shall be restricted to funding of Municipal Area Projects for the benefit of the Municipality, including Trust fund reserves to generate investment earnings to pay for operations, maintenance, and safety improvements. No project shall

1 break ground until a minimum of 80% of funding required for that  
2 project has been appropriated. MAPs Fund and Trust reserves shall  
3 not be used to secure debt.  
4

5 C. The costs of administration, collection and audit of the total aggregated sales  
6 and use tax shall be paid proportionally out of the proceeds from the both  
7 aggregated sales and use tax.  
8

9 D. The operations, maintenance and safety for constructed and related  
10 improvements under Section 12.80.020B. shall be paid out of the proceeds  
11 from the one percent (1%) sales and use tax.  
12

13 **12.80.030 Definitions.**  
14

15 The following words, terms and phrases, when used in this chapter, shall  
16 have the meanings ascribed to them in this section, except where the context  
17 clearly indicates a different meaning:  
18

19 **Certificate of Exemption** shall mean a certificate issued by the  
20 municipality to a person qualifying as an "Exempt Purchaser" of goods  
21 upon application by the purchaser demonstrating its entitlement to  
22 such exemption. The purchaser shall provide the certificate to a seller  
23 of goods at the time of purchase in order to obtain the permitted  
24 exemption.  
25

26 **Charitable Organization** shall mean an organization exempt from  
27 taxation under 26 U.S.C. 501(c)(3) or the Alaska Nonprofit  
28 Corporations Act AS chapter 10.20.  
29

30 **Chief Fiscal Officer** shall mean the chief fiscal officer of the  
31 municipality, or designee.  
32

33 **Counseling Services** shall mean all services provided to an  
34 individual taxpayer by a psychologist or psychological associate,  
35 psychiatrist, clinical social worker, substance abuse counselor, or a  
36 marital and/or family therapist, licensed or certified to provide such  
37 services by the State of Alaska.  
38

39 **Department** shall mean the finance department of the municipality.  
40

41 **Exemption** shall mean a buyer or seller is exempt under a provision  
42 of this chapter, or the sale itself is exempt under a provision of this  
43 chapter.  
44

45 **Food** shall mean goods that may be lawfully purchased with food  
46 stamp program benefits issued under 7 U.S.C. 2011 - 2025 (Food

Stamp Act, Supplemental Nutrition Assistance Program) or purchased with food instruments, food vouchers or other type of certificate issued under 42 U.S.C. 1786 (Special Supplemental Nutrition Program for Women, Infants and Children or WIC). Also, items constituting the basic necessities for human consumption, encompassing unprepared food products, fresh produce, including fruits and vegetables, uncooked meat and seafood, dairy products like milk and cheese, as well as staples such as bread and rice.

**Prepared Food** shall mean Any food item that has been processed, cooked, or assembled in some way before it is consumed, foods or beverages prepared on the vendor's premises by cooking, chopping, slicing, mixing, freezing, squeezing, or other processing, and which require no further preparation to be consumed, foods that are typically produced for immediate consumption, including acts such as peeling, cutting, dicing, or cooking, meals sold in restaurants.

**Goods** shall mean all tangible personal property that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses. "Tangible personal property" includes electricity, water, gas, steam, and prewritten computer software.

**Hardship Relief** shall mean the exemption of households with annual income at or below federal level of eighty-percent (80%) poverty from the provisions of this sales tax.

**Legal Services** shall mean all services provided to an individual taxpayer by a lawyer or paralegal or any other individual licensed or certified by the State of Alaska to provide legal services.

**MAPs Citizen Advisory and Oversight Board** shall mean a board comprised of Municipal Citizens as established in this chapter.

**Medical Services** shall mean all services provided to an individual taxpayer by a physician, osteopath, chiropractor, dentist, registered or practical nurse, physician's assistant, certified nurse's aide, paramedic, emergency medical technician, naturopath, optometrist, audiologist, hospital, midwife, birth center, occupational therapist, physical therapist, or any other person certified or licensed by the state of Alaska to provide health care services.

**Menstrual Hygiene Products** shall mean tampons, sanitary napkins designed and labeled for menstrual hygiene use, menstrual sponges, and menstrual cups.

1                    **Municipal Area Projects (MAPs)** shall mean capital projects as  
2 defined by municipal code or capital investments that will have benefit  
3 to the Municipality of Anchorage with measurable improvements for  
4 the immediate and long-term livability of Anchorage.  
5

6                    **Person** shall mean those who are under a duty to perform an act  
7 concerning which a violation of this chapter could occur, such as an  
8 individual, company, partnership, joint venture, joint agreement,  
9 association (mutual or otherwise), corporation, estate, trust, business  
10 trust, receiver or trustee, syndicate, or political subdivision of this state,  
11 or combination acting as a unit including officers or members of any  
12 such entities. It is the intent of this chapter that such persons be  
13 personally liable for unremitted taxes.  
14

15                    **Precious metals bullion** shall mean any precious metal, including,  
16 but not limited to, gold, silver, platinum, and palladium, that is in such  
17 a state or condition that its value depends upon its precious metal  
18 content and not its form.  
19

20                    **Prescription medicine** shall mean all medicine and any medical  
21 goods prescribed by a physician or psychiatrist licensed to practice  
22 medicine in the United States.  
23

24                    **Purchaser** shall mean a person to whom a sale is made.  
25

26                    **Real Property** shall mean land, whether subdivided or not, all  
27 buildings, structures, improvements and fixtures of any kind thereon,  
28 and all possessory rights and privileges belonging and pertaining  
29 thereto.  
30

31                    **Resale** shall mean the sale of goods by a seller of raw materials, or  
32 wholesaler, either consumed in the manufacturing process or which  
33 become a component part of a product manufactured for sale; a sale  
34 of goods sold to a licensed general or specialty building contractor  
35 when the goods sold becomes permanently affixed to the residence  
36 or commercial structure being constructed by the licensed contractor;  
37 or a sale of goods by a manufacturer, or wholesaler, to a retail vendor.  
38

39                    **Services** shall mean all services of every manner and description  
40 performed or furnished for compensation within the municipality as  
41 required to install, construct, repair or complete specified results or  
42 end products and professional services, services in which a product  
43 or sale of property may be involved, repair, transportation, advertising,  
44 recreation, amusement, craftsmen's services, and services wherein  
45 labor and materials are provided to accomplish a specific result.  
46

1           **Seller** shall mean every person, whether acting as principal, agent or  
2           employee, who makes a sale subject to this tax.

3  
4           **Selling price** applies to the measure subject to sales tax and means  
5           the total amount of consideration, including cash, credit, property, and  
6           services, for which personal property or services are sold, leased, or  
7           rented, valued in money, whether received in money or otherwise,  
8           without any deduction for the following:

- 9  
10                   a. The cost of materials used, labor or service cost,  
11                   interest, losses, all costs of transportation to the seller,  
12                   all taxes imposed on the seller, and any other expense  
13                   of the seller;  
14                   b. Charges by the seller for any services necessary to  
15                   complete the sale, other than delivery and installation  
16                   charges;  
17                   c. Delivery charges;  
18                   d. Installation charges; and  
19                   e. Credit for any trade-in, as determined by state law.

20  
21           **Tax Payer** shall mean any person responsible for the payment of any  
22           Use or Sales tax as required by this chapter.

23  
24           **12.80.040    Property Tax Relief 2% sales and use tax.**

25  
26           The two percent (2%) sales and use tax levied by Section 12.80.010 and  
27           authorized by Charter § 14.08, after 2/3 of the costs of administration,  
28           collection, and audit to the municipality for the tax, is solely dedicated to  
29           property tax relief and in substitution of other taxes. The department shall  
30           implement this section.

31  
32           **12.80.050    Municipal Area Projects 1% sales and use tax.**

33  
34           A.       The one percent (1%) sales and use tax levied by section 12.80.010  
35           and authorized by Charter § 14.09 for Municipal Area Projects, after  
36           1/3 of the costs of administration, collection, and audit to the  
37           municipality for the tax, and the remaining net receipts shall be  
38           deposited in the MAPs trust fund and managed and administered in  
39           accordance with this chapter.

40  
41           B.       *Main Projects funded first.* The net receipts of the MAPs 1% sales and  
42           use tax funds available for funding MAPs projects may be expended  
43           first only for the following limited purposes (the "main projects")  
44           approved by the voters:  
45  
46

1  
2 Main Projects:  
3

- 4 1. Ship Creek Riverwalk, Indoor Market and Food Hall  
5 2. Anchorage Snow removal equipment fleet one-time overhaul  
6 3. East Anchorage Sports and Nordic Aquatic Complex  
7 4. Anchorage public safety vehicle fleet one-time overhaul  
8 5. Municipality Wide Four-Season Trail Facilities  
9 6. Downtown Arts and Entertainment Redevelopment  
10 7. Girdwood Arts and Recreation District  
11 8. Eagle River Sports and Recreation Facility  
12

- 13  
14 C. *Supplemental Projects.* Upon conclusion of the main projects listed  
15 above, the net receipts of the MAPs 1% sales and use tax funds  
16 available for funding MAPs projects may be expended for the  
17 additional supplemental and following limited purposes (the  
18 "supplemental projects") approved by the voters:  
19

20 Supplemental Projects:  
21

- 22 1. Chester Creek Sports Complex  
23 2. Anchorage Children's Museum  
24

25 The supplemental projects may be commenced, continued,  
26 completed, and/or concluded, in whole or in part, in the order  
27 recommended by the MAPs Citizen Advisory and Oversight Board, if  
28 appointed and approved, and approved by assembly.  
29

30 As used in this Subsection 12.80.040C., the phrase "conclusion of the  
31 main projects" shall mean the final funding of the main projects in the  
32 amount(s) approved by assembly.  
33

34 Additional or substituted projects must be placed on the ballot and  
35 approved by voters with a vote of 50% plus one.  
36

- 37 D. There is hereby established a limited purpose tax fund to be known as  
38 the "Municipal Area Projects Tax Trust Fund" into which all revenues  
39 collected pursuant to Subsection 12.80.040A. above shall be  
40 deposited. Monies in said limited-purpose Trust Fund shall be  
41 accumulated from year-to-year. Monies in said limited purpose trust  
42 fund shall be expended only as accumulated and only for the limited  
43 purposes ("main projects" or "supplemental projects" and  
44 administration, collection, audit, long term operations, maintenance  
45 and safety for constructed and related improvements) described in  
46 Charter § 14.09.



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**12.80.060 MAPs Citizen Advisory and Oversight Board.**

A. There is hereby authorized the establishment of a MAPs Citizen Advisory and Oversight Board to review proposed and actual expenditures of such monies from the MAPs Tax Trust Fund and submit recommendations to the assembly and mayor regarding such expenditures, the order of projects funded, and modifications to the list of tax exemptions. The board must be seated and hold its first meeting with quorum at least 60 days prior to expenditure of any monies in the MAPs Tax Trust Fund

1. The formation of the Board shall be at the discretion of the Mayor with appointment approval by the Assembly.
2. The board shall have seven (7) members, appointed by the mayor and confirmed by the assembly, who shall serve for a term of 3 years
2. The board shall recommend to the mayor and assembly the list of projects that should be funded through appropriations as required by the Charter §§ 14.08 and 14.09.
3. The board shall recommend appropriations for operations, maintenance, security and safety for constructed and related improvements as required by Charter Amendment.
4. The board shall at least on an annual basis provide a report to the mayor and assembly on the status of the tax and any exemptions that they recommend be added, deleted, or changed.

**12.80.070 Non-taxable sales, exclusions and exemptions.**

A. The following sales are not taxable under this chapter under state or federal law:

1. Sales to or uses by an agency of the United States government, an instrumentality of the State of Alaska as that term is defined in AS 39.52.960, a municipality or school district, including the Anchorage School District, or a Native entity or tribe included on the federal list published under 25 U.S.C. 5131.
2. Sales to or uses by foreign diplomats under the Foreign Missions Act (22 U.S.C. 4301 *et seq.*).

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3. Sales to or uses by the Alaska Life and Health Insurance Guaranty Association, under AS 21.79.130.
4. Sales or use of goods related to an orbital space facility, pursuant to AS 29.45.650(h).
5. A purchase made with (a) food coupons, food stamps, or other type of allotment issued under 7 U.S.C. 2011--2036 (Food Stamp Program); or (b) food instruments, food vouchers, or other type of certificate issued under 42 U.S.C. 1786 (Special Supplemental Food Program for Women, Infants, and Children). For purposes of this subsection, the value of a food stamp allotment paid in the form of a wage subsidy as authorized under AS 47.25.975(b) is not considered to be an allotment issued under 7 U.S.C. 2011--2036 (Food Stamp Program).
6. The retail sale, use, or transfer of refined fuel.
7. A construction contract awarded by the state or a state agency, or on a subcontract awarded in connection with the project funded under the construction contract.
8. Other sales or uses the municipality is prohibited from taxing under the federal or state Constitutions or laws of the United States or the State of Alaska.

B. *Maximum tax per transaction.* Only the first \$1,000.00 of the price in each transaction shall be subject to sales tax levied under this chapter, the amount in excess in each transaction is excluded and not taxable. This rule applies as follows in the circumstances described:

1. The payment of rent for personal property in excess of \$1,000, and for more than one month shall be treated as separate transactions covering the rental for one month each. A transaction involving payment for services to be rendered or delivered over a period of more than one month for a consideration in excess of \$1,000 shall be treated as separate transactions occurring one each month over the period of time that the service is rendered.
2. Each night of each individual room rental shall be considered a separate transaction and therefore the maximum tax computation shall be calculated on a per room per night basis.

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3. Capital Leases. Contracts to purchase the property at the end of a lease shall be treated as a sale on the effective date of the contract and are subject to the maximum tax per transaction pursuant to subsection (A) of this section.

4. Other Lease Types. Leases that have an option to purchase at the end of the lease are taxed on the principal amount of each lease payment for the term of the lease. If the purchase is made at the end of the lease, the purchase transaction would be treated as another separate transaction. Interest and financing charges related to the lease payment are not subject to tax.

5. Installment Payments. When payments for a single transaction are made on an installment basis the sales tax on the transaction shall be collected on the first payment.

C. The municipality hereby declares the following exemptions and limitations to the tax imposed by this chapter:

1. Sales of food.

2. Sale of prescription medicine or medical goods prescribed by a physician, psychiatrist or other person licensed in the United States to lawfully authorize such prescription.

3. The provision of medical services or counseling services. The sale of gasoline or diesel fuel.

4. Small business transactions for businesses classified as a Cottage Industry business, or as a small manufacturing operation run out of a home by a single individual or a family.

5. Financial service transactions. For purposes of this chapter, financial service transactions are limited to: deposit account services, loan transaction fees, transactions relating to the sale or exchange of currency or securities or precious metals bullion, transactions for conversion of negotiable instruments, safe deposit services, escrow collection services, late fees, overdraft fees, and interest charged on past due accounts.

6. The use by an individual of personal or household effects brought into the municipality for the establishment by the individual of an initial residence in the municipality is exempt from the use tax.

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7. Licensed childcare services, childcare products, and menstrual hygiene products.
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.
9. Rental of personal property, unless the rental transaction for personal property provides a right of purchase at the end of the rental contract. However, this provision does not exempt motor vehicle rentals that are also subject to the motor vehicle rental tax in chapter 12.45.
10. The sale or rental of real property (including all necessary or customary services provided in order to legally accomplish a sale or rental of real property), except the rental of a room or rooms taxable under chapter 12.20 are also taxable under this chapter.

11. The sale of contracts of insurance.

D. The following sales are not taxable, provided the seller is in possession of a valid certificate of exemption:

1. Sales and purchases by a charitable organization, or a private or parochial school, provided the sale of goods is incidental and all the proceeds of the sale go to the organization and its mission.
2. The sale of goods not sold to the end user of the goods.

E. The application of the exemptions provided for in subsections A-D of this section to specific goods and services shall be determined by the department.

F. The Assembly by majority vote may, after formal recommendation from the MAPs Citizen Advisory and Oversight Board, alter or modify a determination of the department concerning the application of any exemption provided for in subsection A-D of this section to any specific goods or services.

G. The Administration shall establish a Universal Application process allowing households to qualify for Hardship Relief. Households with incomes below the federal level of eighty percent (80%) poverty shall be exempt from the provisions of this sales tax.

1  
2 **12.80.080 Dedicated sales and use tax trust fund.**  
3

4 A. Pursuant to Charter § 14.09, there is established a Dedicated Sales  
5 and Use Tax Trust Fund. The Trust Fund is dedicated for the net  
6 receipts of the one percent (1%) sales and use tax, after payment  
7 of 1/3 of costs of administration, collection and audit to the  
8 Municipality.

9  
10 1. The Trust Fund shall be invested as prescribed by an  
11 investment policy approved by the assembly.

12  
13 2. The Trust Fund shall be governed by a board of trustees,  
14 appointed by the mayor and confirmed by the Assembly,  
15 each of whom shall serve for a term of 3 years.

16  
17 B. Reserved.  
18

19 **12.80.090 Obligation for payment of tax; disposition of excess**  
20 **collections; liability for uncollected taxes.**  
21

22 A. The purchaser is obligated to pay the aggregated sales and use tax  
23 under this chapter, and it shall be collected by the seller at the time of  
24 the sale transaction or acquisition. The tax rate is applied to the selling  
25 price.

26  
27 1. If a purchaser produces a certificate of exemption issued by the  
28 municipality 12.80 at the time of the sale transaction, the seller  
29 shall not collect the tax. The seller shall retain verification of  
30 the exempt status of the transaction in its records. If no  
31 verification is retained, the seller is liable for the uncollected  
32 taxes.

33  
34 2. If the purchaser does not produce an exemption certificate  
35 issued by the municipality, but the transaction is in fact exempt  
36 under federal, state, local or other law, the seller is not liable for  
37 the uncollected tax, provided verification of the purchaser's  
38 exemption is retained in the seller's records or otherwise readily  
39 available and reported to the department.

40  
41 3. Any uncollected sales tax under this subsection, which should  
42 have been collected, is a liability of the seller.

43  
44 4. If the selling price cannot be determined for purposes of  
45 calculating the amount of sales and use tax, the fair market

1 value at the time of sale shall be subject to the sales and use  
2 tax.

3  
4 B. All sales and use taxes collected pursuant to this chapter are  
5 municipal funds for which the seller is liable to the municipality. The  
6 seller is liable for all monies collected from the purchaser as sales and  
7 use tax in excess of the tax imposed by section 12.80.010. The seller  
8 shall make reasonable efforts to return excess tax collected to the  
9 purchaser. If the seller is unable to return it, the excess tax collected  
10 shall be reported and remitted to the municipality with the regular tax  
11 return.

12  
13 C. Any person acquiring an ownership interest in the accounts receivable  
14 of a business, whether by purchase, foreclosure, or otherwise, shall  
15 also be liable for the payment of taxes, penalties, interest, fees and  
16 costs accruing and unpaid to the municipality from those accounts  
17 receivable.

18  
19 D. Any person acquiring an ownership interest in an ongoing business,  
20 whether by purchase, foreclosure or otherwise, shall also be liable for  
21 the payment of any taxes, penalties, interests, fee or costs owed to  
22 the municipality for taxes collected by the former owner or seller of the  
23 business.

24  
25 E. The president and any officer, member, manager or agent of a  
26 corporation or limited liability company with control of, supervision of,  
27 or charged with the responsibility of filing sales and use tax returns or  
28 remitting sales and use taxes is personally liable for any unpaid taxes,  
29 penalties, interest, fees and costs accruing and unpaid to the  
30 municipality. Dissolution of, or sale of, or other change in the form of  
31 the corporation or company does not discharge this personal liability.

32  
33 F. The municipality may pursue collection of unpaid and unremitted taxes  
34 as provided in this chapter.

35  
36 **12.80.100 Presumption of taxability; sales price and value.**

37  
38 A. To prevent evasion of the aggregated sales and use tax and to aid in  
39 its administration, it is presumed:

- 40  
41 1. All sales of goods or services by a person engaging in business  
42 in the municipality are subject to the tax, unless exempt by this  
43 chapter; and  
44

1                   2.     All goods or services purchased or sold by any person for  
2                   delivery into the municipality are purchased or sold for a taxable  
3                   use in the municipality.  
4

5           B.     For purposes of this section, the sales price or value of property,  
6           goods or services shall be determined as of the time of acquisition,  
7           introduction into the municipality, or conversion to use, whichever is  
8           latest.  
9

10          C.     If the department has reasonable cause to believe a seller structured  
11          a transaction to avoid collecting or remitting the tax levied under this  
12          chapter, there is a rebuttable presumption that the substance of the  
13          transaction is a taxable sale under this chapter.  
14

15           **12.80.110   Timely filing allowance, seller reimbursement for**  
16           **collection costs.**  
17

18          A.     A seller authorized to collect the aggregated sales and use tax under  
19          this chapter and who is in otherwise full compliance with this chapter  
20          may retain three percent (3%) of the tax collected, up to a maximum  
21          of \$3,000 in a calendar year, for purposes of offsetting a portion of the  
22          costs incurred by the seller in collecting the tax for the municipality,  
23          provided the seller's tax return and full remittance is received by the  
24          department on or before the due date.  
25

26          B.     If the seller is not in full compliance with this chapter, the seller is not  
27          eligible for and may not retain the three percent (3%) costs offset.  
28

29          C.     A seller is not in full compliance if the seller:  
30                 1.     has an account with a past-due balance, or  
31                 2.     has a missing or incomplete return outstanding, or  
32                 3.     is in any manner not in compliance with a municipally approved  
33                 payment plan.  
34

35          D.     The seller shall report on each tax return the amount retained under  
36          this section for that reporting period, and the total amount retained in  
37          the calendar year up to the last day of the reporting period.  
38  
39

40    **Section 4.**   Anchorage Municipal Code chapter 12.25 is hereby amended to read  
41    as follows (*the remainder of the chapter is not affected and therefore not set out*):  
42

43           **Chapter 12.25 TAX INCREASE LIMITATION**  
44

45           \*\*\*                   \*\*\*                   \*\*\*

46           **12.25.030 - Ballot information; establishment of baseline.**





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C. The summation of the amounts defined in subsections A and B defines the total tax revenue that may be collected [AVAILABLE FOR NEXT YEAR'S BUDGET PLANNING] and establishes the next fiscal year property tax required, hence the next year's mill levy.

(AO No. 84-208(S-A); AO No. 2003-160, §§ 2, 3, 1-1-04; AO No. 2003-161, § 1, 12-16-03; AO No. 2003-164, § 1, 12-16-03; AO No. 2004-22, § 1, 2-3-04; AO No. 2005-47, § 1, 4-19-05; AO No. 2005-48, § 1, 4-19-05; AO No. 2005-49, § 1, 4-19-05; AO No. 2009-109, § 2, 1-10-10; AO No. 2011-38, § 1, 3-29-11; AO No. 2019-12, § 3, 3-5-19)

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

**Section 6.** The Charter amendments set forth in the proposition in Section 2 and the Code amendments set forth in Sections 3 and 4 of this ordinance shall become effective on July 1, 2025, if and only if, said proposition is approved by a majority of the qualified voters of the Municipality voting on the proposition during the regular Anchorage Municipal election held on April 1, 2025. The remainder of this ordinance shall be effective upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Municipal Clerk



**MUNICIPALITY OF ANCHORAGE  
ASSEMBLY MEMORANDUM**

No. AM 854-2024

Meeting Date: October 22, 2024

1 **From: Assembly Members Sulte and Rivera**

2  
3 **Subject: AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY**  
4 **PROPOSING A DEDICATED PROPERTY TAX REDUCTION AND CAPITAL**  
5 **INVESTMENT MEASURE TO BE SUBMITTED TO THE QUALIFIED VOTERS OF**  
6 **THE MUNICIPALITY THAT WOULD ENACT A SALES AND USE TAXES OF**  
7 **THREE PERCENT (3%) IN THE AGGREGATE ON THE SALE OF GOODS AND**  
8 **SERVICES WITHIN THE MUNICIPALITY, WITH CERTAIN EXEMPTIONS, A**  
9 **MAXIMUM TAX AMOUNT PER TRANSACTION, COMPRISED OF A TWO**  
10 **PERCENT (2%) TAX DEDICATED FOR THE SOLE PURPOSE OF REDUCING**  
11 **PROPERTY TAXES PROPORTIONATELY THROUGHOUT**  
12 **THE MUNICIPALITY WITHIN THE “TAX CAP” CALCULATION, AND A ONE**  
13 **PERCENT (1%) TAX OUTSIDE OF THE TAX CAP DEDICATED FOR**  
14 **ESTABLISHMENT OF A TRUST FUND TO PAY FOR VOTER APPROVED**  
15 **CAPITAL PROJECTS KNOWN AS MUNICIPAL AREA PROJECTS**  
16 **(MAPs); COSTS OF ADMINISTRATION, COLLECTION AND AUDIT OF THESE**  
17 **SALES AND USE TAXES SHALL BE SHARED PROPORTIONALLY BETWEEN**  
18 **THE TAXES; PROVIDING FOR A MAPs CITIZENS ADVISORY AND**  
19 **OVERSIGHT BOARD; PROVIDING A LIMITED TERM OF SEVEN (7) YEARS**  
20 **FOR THE AGGREGATED 3% SALES AND USE TAX LEVY; AMENDING**  
21 **ANCHORAGE MUNICIPAL CODE CHAPTER 12.25 REGARDING THE TAX**  
22 **INCREASE LIMITATION; ADDING A NEW CHAPTER TO THE ANCHORAGE**  
23 **MUNICIPAL CODE TO PARTIALLY IMPLEMENT THIS TAX REVENUE**  
24 **DIVERSIFICATION MEASURE; AND PROVIDING FOR TRANSITION**  
25 **PROCEDURES AND EFFECTIVE DATES.**

26  
27  
28 This proposed Charter amendment is a tax revenue diversification measure for  
29 dedicated property tax reduction and capital investment. Several components for  
30 equity, public transparency and accountability have been included. Anchorage has  
31 recently seen continued and increased outmigration trends, which can be explained  
32 by many factors but is directly tied to a perception of quality of life in the Municipality.  
33 This proposal, taken in combination with other efforts being generated by Municipal  
34 and private entities, aims to improve quality of life for Anchorage residents by  
35 investing in meaningful capital enhancements for the long term, and reducing the  
36 cost of home ownership.

37  
38 **Overview**

39  
40 This proposed ordinance is comprised of a three percent (3%) aggregated sales  
41 and use tax. The proposal includes a 2% sales and use tax dedicated (after the cost  
42 of administration, audit and collection) to reducing property taxes within the  
43 Municipality, which is subject to the Anchorage Tax Increase Limitation (Tax Cap).

1 It also includes a 1% sales and use tax, the net proceeds of which (after the cost of  
2 administration, audit and collection) are to be dedicated to funding Municipal Area  
3 Projects (MAPs) and related improvements, as well as their lifetime operations,  
4 maintenance, security and safety via a Trust account established for this purpose.  
5 The 1% sales and use tax is not subject to the Tax Increase Limitation.  
6

7 As a revenue diversification measure, this ordinance is anticipated to raise \$180  
8 million per year, between the two different sales and use taxes. The 2% sales and  
9 use tax dedicated for property tax reduction is anticipated to create a \$120 million  
10 decrease in property taxes paid by all property owners in the Municipality, leading,  
11 for homeowners, to an estimated ~16% or ~\$265/\$1000,000 of assessed home  
12 value or ~\$1,195/ average home valued at ~\$450,000.  
13

### 14 **Public Accountability and Transparency**

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16 A number of features are described in this draft ordinance, in order to enhance voter  
17 trust and accountability while enabling the financing of transformational  
18 infrastructure investments for Anchorage.  
19

20 The ordinance directs that funds collected for MAPs projects and related  
21 improvements, as well as their long term security, operations and maintenance be  
22 held separately and invested in a dedicated Sales and Use Tax Trust Fund.  
23

24 Additionally, the ordinance calls for the option to establish a MAPs Citizen Advisory  
25 and Oversight Board, appointed by the Mayor and confirmed by the Assembly, with  
26 the responsibility of overseeing MAPs project development and completion, and  
27 authority to recommend periodic re-evaluation of sales tax exempt purchases.  
28

### 29 **Equity and Right-Sizing for Anchorage**

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31 While sales and use taxes are one of the most commonly used local revenue  
32 sources in America, it is important that this measure be tailored to Anchorage's  
33 needs. Anchorage is a diverse community and the sponsors of this ordinance have  
34 taken a measured approach to implementation, respecting that our population is  
35 unique.  
36

37 This draft ordinance includes exemptions from taxation for many household  
38 necessities, such as rental housing costs, childcare expenses, menstrual hygiene  
39 products, foods, automobile fuel, financial transactions, medical expenses, and  
40 more. In addition, the proposal recommends a "hardship relief" component in which  
41 the Assembly determine a process whereby Anchorage households with annual  
42 income at or below the 80% federal poverty line may apply for exemption from the  
43 sales and use tax altogether. This could be done in a number of ways, which would  
44 be left to the Assembly to determine. One suggestion might be a tax credit or refund,  
45 with eligibility tied to federal tax filing. Finally, the ordinance recommends a limit on  
46 per-transaction sales and use tax, wherein only the first \$1,000 of any purchase may  
47 be taxed, resulting in a maximum per-transaction tax of \$30.  
48  
49

**Administration**

Recognizing that a sales and use tax represents a substantial change for the Municipality in terms of revenue diversification and administrative process, the sponsors of this proposal have provided a draft implementation ordinance covering many components that will be necessary to address. These include language regarding the process of collecting sales tax revenues under the proposed 2% for property tax relief during one year in order to accurately calculate the level of substitution under the tax cap the following year to offset property taxes, allowances for retailers to receive compensation for their work in collecting and remitting tax, and more.

It is important to the sponsors of this ordinance that this measure hold harmless the existing Tax Limit Base and does not impede the regular process of Municipal budgeting, should it be enacted and subsequently expire without reauthorization by the voters. Language has been included to ensure this.

In past, sales tax proposals have been brought before the Assembly, and before Anchorage voters but have failed due to concerns over expansion of the Tax Cap, voter doubt about how revenues will be spent, and other questions of transparency. We believe that this proposal clarifies the importance of reducing property taxes while maintaining and defending the Tax Cap. We also see the immense value in taking steps to invest in public infrastructure so Anchorage can grow and thrive.

We request your support for AO 2024-XXX, a limited term sales and use tax dedicated for reducing property taxes and funding voter approved capital investment projects along with their operations, security and maintenance.

Respectfully submitted:

Randy Sulte, Assembly Member  
District 6 – South Anchorage, Girdwood and Turnagain Arm

Felix Rivera, Assembly Member  
District 4 – Midtown