

PROJECT ANCHORAGE WORK SESSION

December 6th, 2024



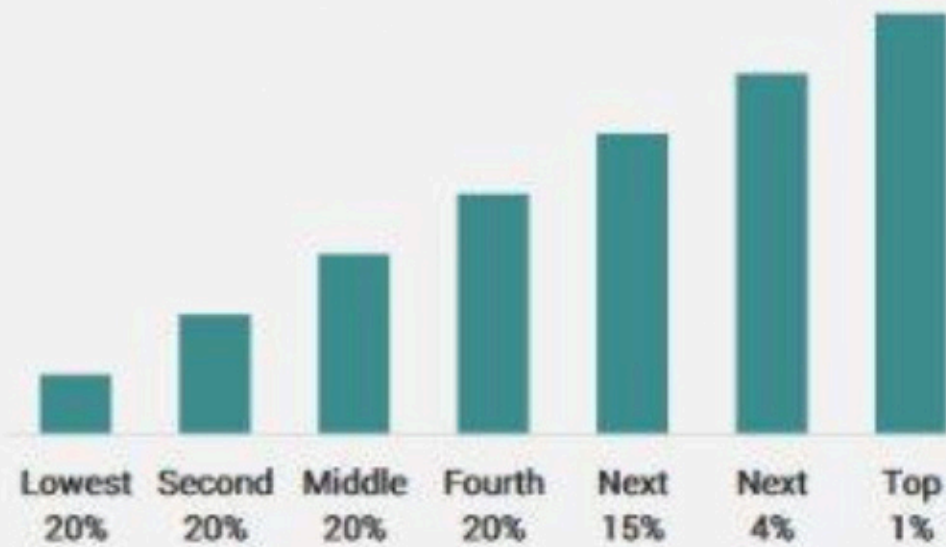


PURPOSE:

To discuss and evaluate the potential impacts of the proposed Project Anchorage sales tax on low-income individuals, families and neighborhoods. We support the vision of Project Anchorage to make Anchorage a better place to live, work and play. However, as organizations dedicated to supporting low-income individuals, families, and neighborhoods, we want to ensure that this vision benefits all residents of Anchorage.

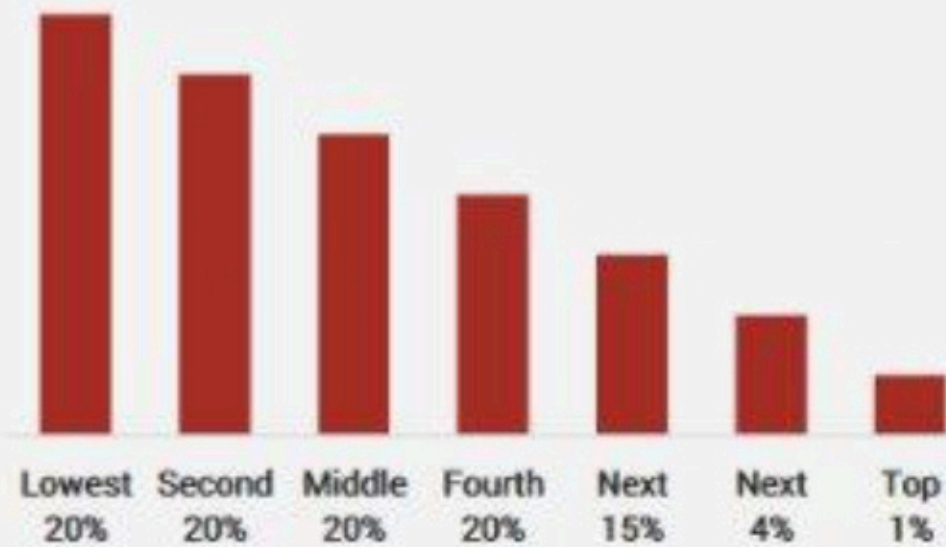


Progressive, Regressive, or Proportional?



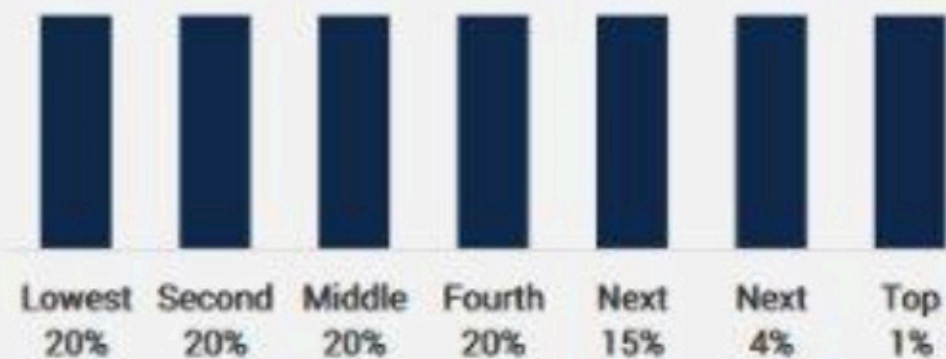
Progressive Tax

A progressive tax is one in which upper-income families pay a larger share of their incomes in tax than do those with lower incomes.



Regressive Tax

A regressive tax requires poor and middle-income families to pay a larger share of their incomes in tax than upper-income families.



Proportional Tax

A proportional tax requires the same percentage of income from everyone, regardless of how much or how little they earn.

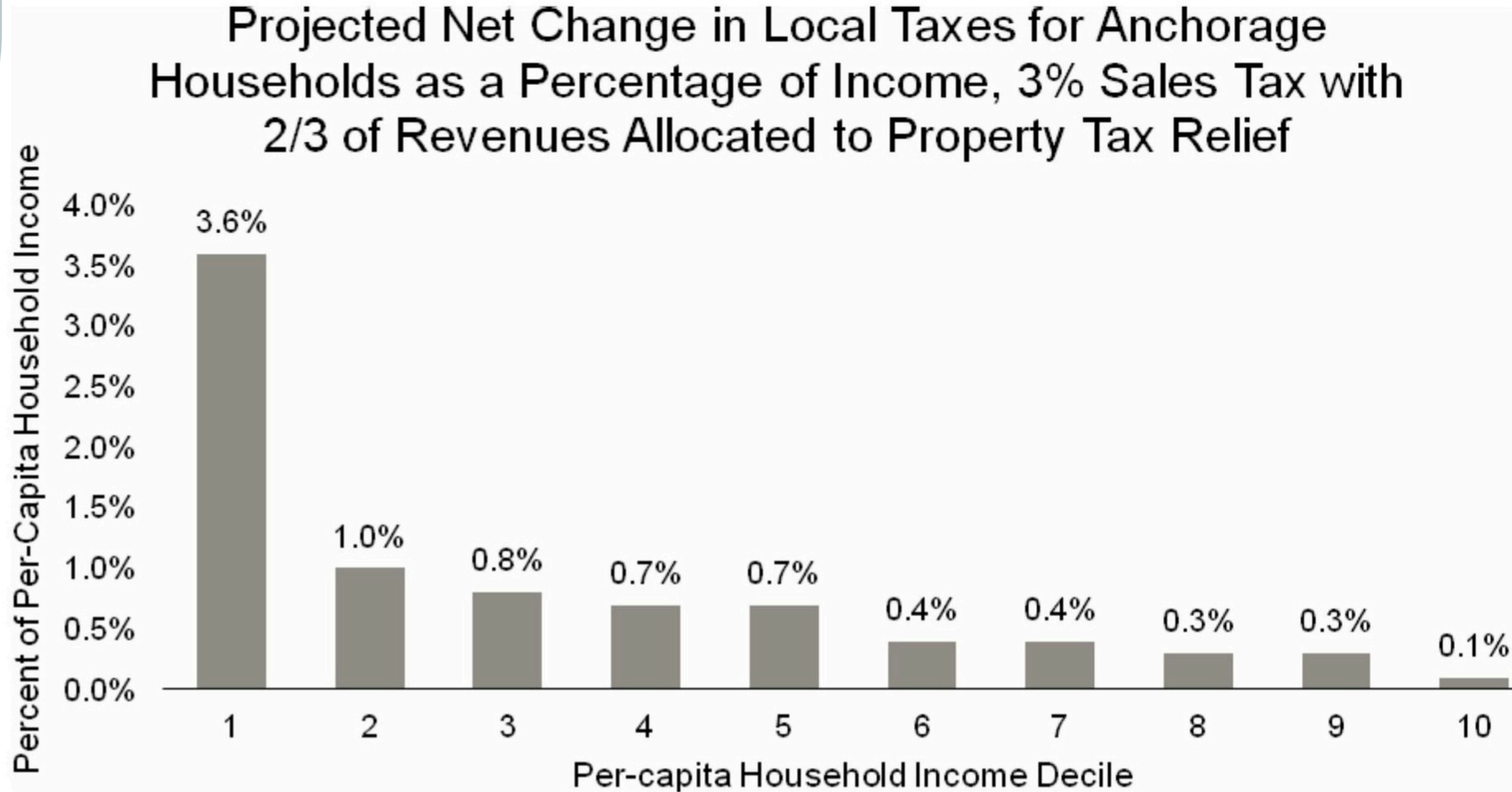
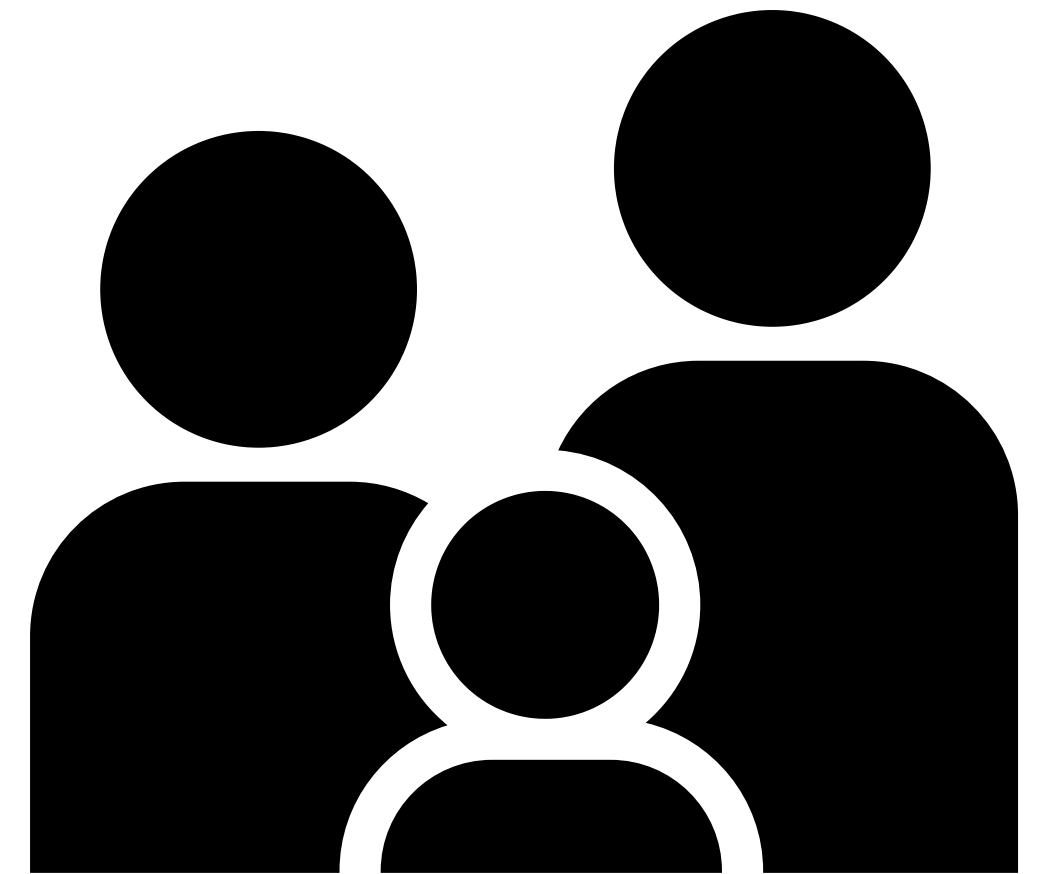
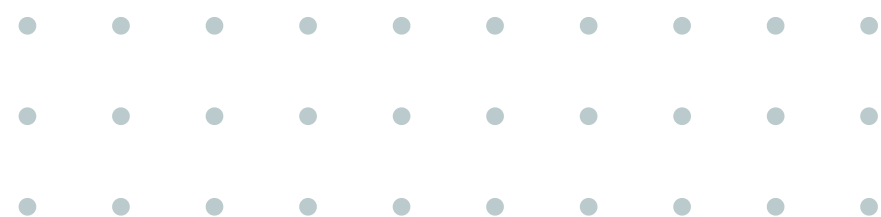


Figure G: Projected Net Change in Local Taxes for Anchorage Households as a Percentage of Income, 3% Sales Tax with 2/3 of Revenues Allocated to Property Tax Relief

Source: UAA Institute for Social and Economic Research, October, 2024

WHAT DOES THIS MEAN FOR LOW-INCOME FAMILIES?

- A household making **\$27,000/year** (the lowest income decile in the chart) would pay **\$972/year** in additional taxes.
- The anticipated **tax cost per person** ranges from **\$126 to \$236/year**. For a **family of 4**, the household burden would be **\$504 to \$944/year**.
- ISER's study shows households in these lower income deciles are already spending far above their income, primarily through savings and debt.
- The lowest income decile is paying **36x** the tax proportional to their income as the highest income decile, with the middle decile paying **7x** the highest income decile proportional to income.



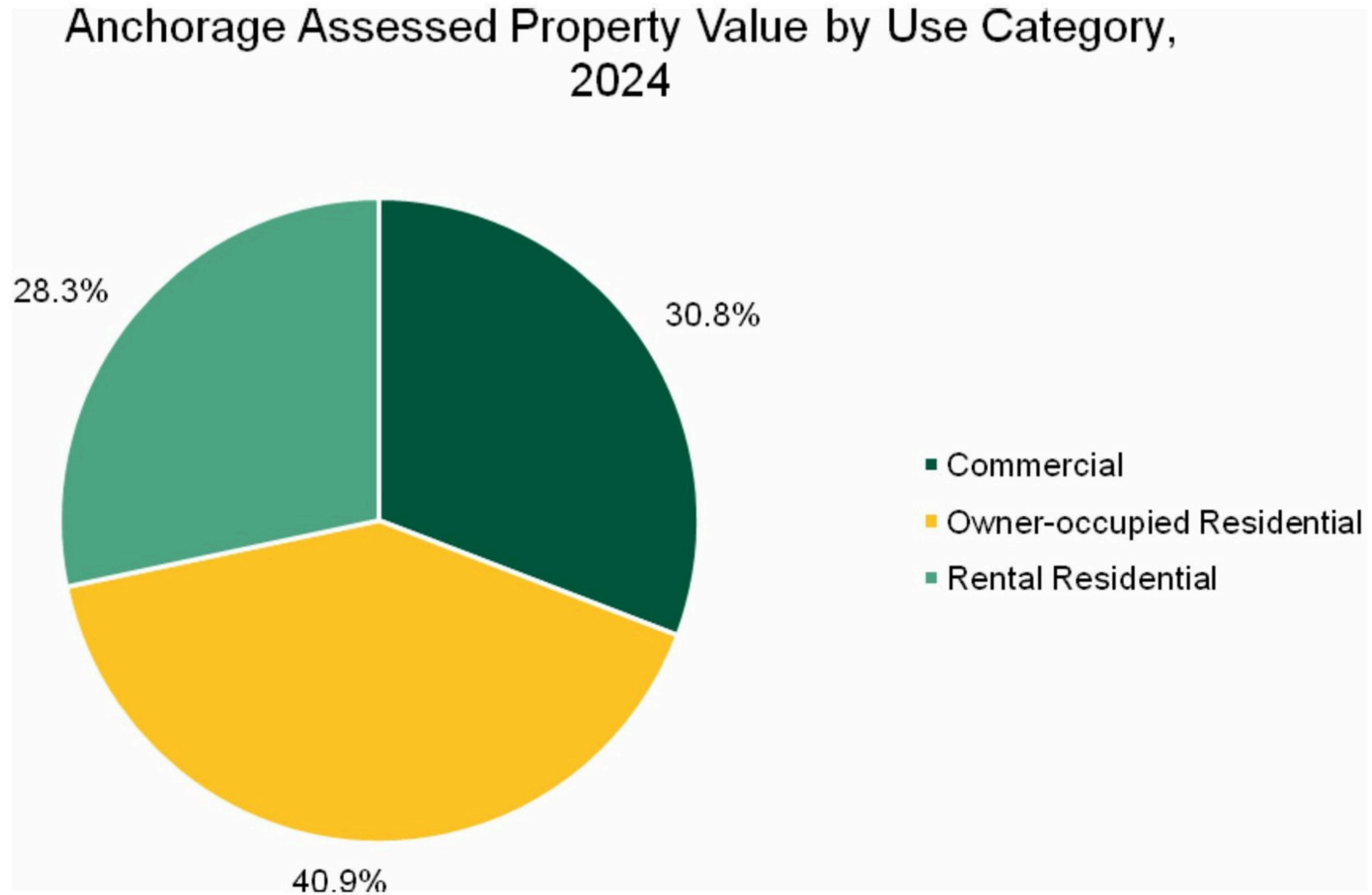


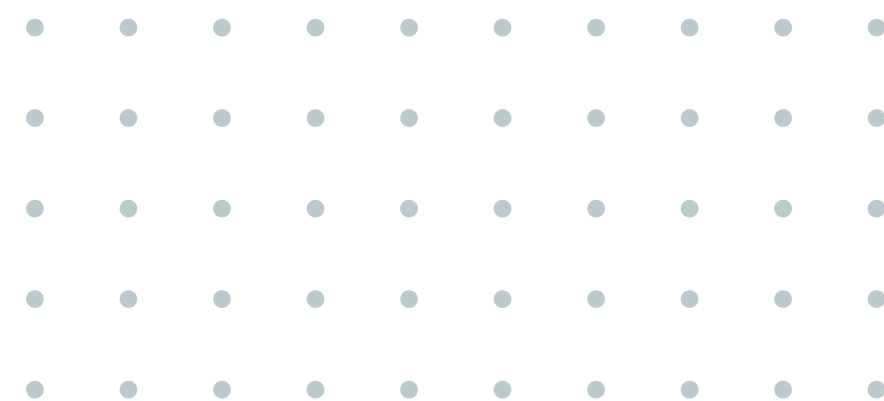
Figure D: Anchorage Assessed Property Value by Use Category, 2024
Source: Municipality of Anchorage Property Appraisal Database

Source: UAA Institute for Social and Economic Research, October, 2024



40% OF ANCHORAGE RESIDENTS NOT RECEIVING TAX REFUND

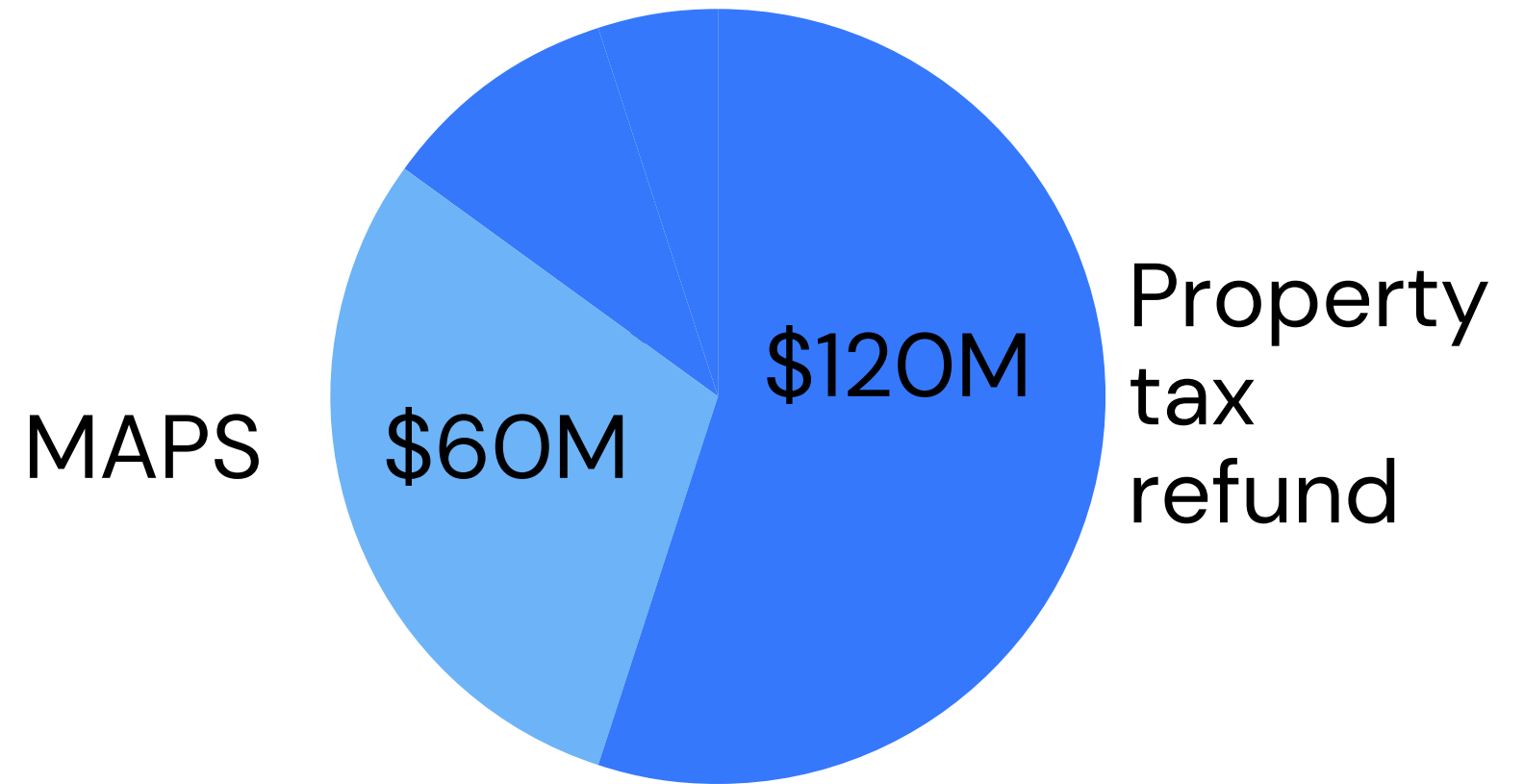
According to ISER, 40% of Anchorage residents are non-property owners who will not receive a tax refund. This percentage includes low-income families, families experiencing homelessness, military and veteran renters, seniors in subsidized housing, small business owners who lease their brick and mortar spaces, affordable housing tenants, and more.



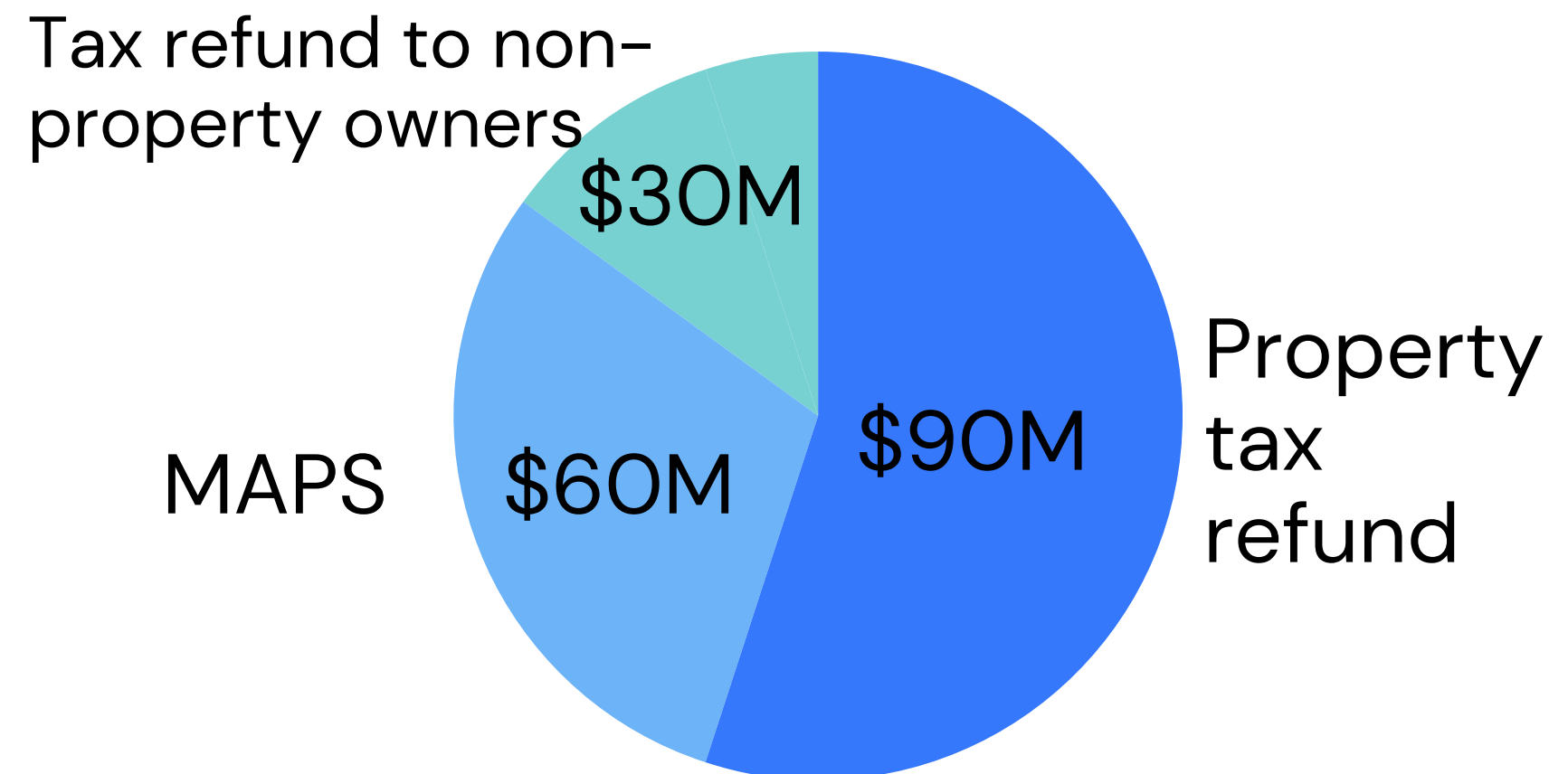
HOW CAN WE ADDRESS THESE INEQUITIES?

- The current estimate is that the tax generates **\$180M** in revenue, with **\$120M** going to a tax refund for property owners and **\$60M** to MAPS.
- What if we considered a different breakdown, such as **\$90M** in tax refund to property owners, **\$30M** in tax refund to non-property owners, and **\$60M** to MAPS?

Current structure



Proposed structure



OUR RECOMMENDATIONS



Add tax refund for non-property owners

Explore options for creating an equitable tax refund that will support both property and non-property owners while reducing the regressive impact of the sales tax, such as a tax refund for non-property owners.

Consider additional revenue

Consider additional revenue options by exploring ways to increase tax revenue, such as maximizing visitor revenue and minimizing non-resident tax relief, taxing online sales, and raising the \$1K tax threshold.

Re-establish inclusive and equitable process for community engagement

Engage BIPOC and low-income communities and the non-profit sector meaningfully in the process

Exempt low-income residents

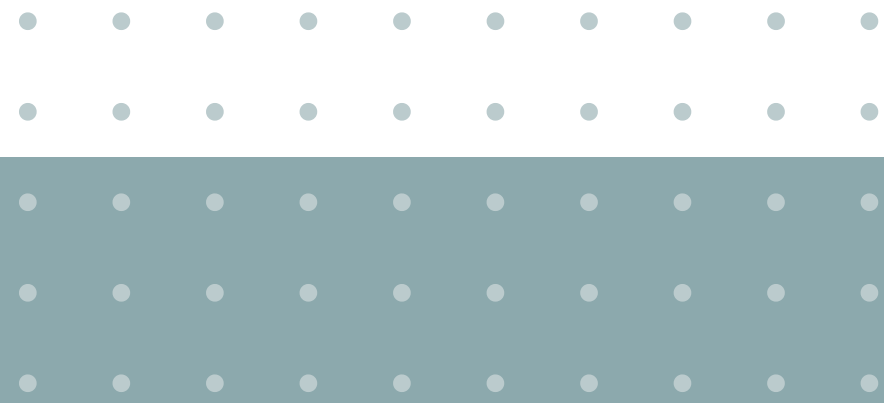
Clarify how exemptions for low-income families will work and conduct economic analysis on these assumptions.

Ensure MAPS projects are determined equitably

Ensure MAPS projects benefit low-income communities and neighborhoods equitably, and reflect existing community planning priorities.

Exempt non-profit organizations

Support The Foraker's Group's language that exempts nonprofit organizations from the tax.



THANK YOU



