

(S-1) Submitted by: Assembly Chair Constant
(S-1) Prepared by: Assembly Counsel's Office
(S-1) For reading: December 17, 2024

**ANCHORAGE, ALASKA
AO No. 2024-105(S-1)***

**(NOTE: this (S-1) version is presented without legislative drafting markup, except to the title, from the text of the original AO or any subsequent substitute version. It is written as a new ordinance. See the AM for summary of changes)*

1 **AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUBMITTING**
2 **TO THE QUALIFIED VOTERS OF THE MUNICIPALITY AT THE REGULAR**
3 **MUNICIPAL ELECTION ON APRIL 1, 2025, AN ADVISORY BALLOT**
4 **PROPOSITION ON WHETHER THE ANCHORAGE MUNICIPAL ASSEMBLY**
5 **SHOULD CALL A SPECIAL ELECTION TO PROPOSE VOTER**
6 **AUTHORIZATION OF A SALES TAX**~~PROPOSING A DEDICATED PROPERTY~~
7 ~~TAX AND ECONOMIC DEVELOPMENT MEASURE TO BE SUBMITTED TO THE~~
8 ~~QUALIFIED VOTERS OF THE MUNICIPALITY THAT WOULD ENACT A SALES~~
9 ~~AND USE TAX OF THREE PERCENT (3%) IN THE AGGREGATE ON THE SALE~~
10 ~~OF GOODS AND SERVICES WITHIN THE MUNICIPALITY, WITH CERTAIN~~
11 ~~EXEMPTIONS, A MAXIMUM TAX AMOUNT PER TRANSACTION, COMPRISED~~
12 ~~OF A TWO PERCENT (2%) TAX DEDICATED FOR THE SOLE PURPOSE OF~~
13 ~~REDUCING PROPERTY TAXES PROPORTIONATELY THROUGHOUT THE~~
14 ~~MUNICIPALITY WITHIN THE "TAX CAP" CALCULATION, AND A ONE~~
15 ~~PERCENT (1%) TAX OUTSIDE OF THE TAX CAP DEDICATED FOR~~
16 ~~ESTABLISHMENT OF A TRUST FUND TO PAY FOR VOTER APPROVED~~
17 ~~CAPITAL PROJECTS KNOWN AS MUNICIPAL AREA PROJECTS (MAPs);~~
18 ~~COSTS OF ADMINISTRATION, COLLECTION AND AUDIT OF THESE SALES~~
19 ~~AND USE TAXES SHALL BE SHARED PROPORTIONALLY BETWEEN THE~~
20 ~~TAXES; PROVIDING FOR A MAPs CITIZENS ADVISORY BOARD; PROVIDING~~
21 ~~A LIMITED TERM OF SEVEN (7) YEARS FOR THE AGGREGATED 3% SALES~~
22 ~~AND USE TAX LEVY; AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER~~
23 ~~12.25 REGARDING THE TAX INCREASE LIMITATION; ADDING A NEW~~
24 ~~CHAPTER TO THE ANCHORAGE MUNICIPAL CODE TO PARTIALLY~~
25 ~~IMPLEMENT THIS TAX REVENUE DIVERSIFICATION MEASURE; AND~~
26 ~~PROVIDING FOR TRANSITION PROCEDURES AND EFFECTIVE DATES].~~

27
28 **WHEREAS**, the Municipality of Anchorage is suffering from a net outmigration of
29 residents with a net decline from 2013 (302,127) to 2023 (289,653) of 12,474
30 residents or ~4.1%; of which 18,314 are of working age and multiple forecasts
31 predict this decline will continue; and

32
33 **WHEREAS**, the Anchorage Economic Development Corporation has formed a
34 coalition of Anchorage businesses and residents, known as "Project Anchorage" to
35 explore the potential economic and social benefits of implementing and sales tax
36 modelled off Oklahoma City's voter-approved temporary 1% sales tax; and

37
38 **WHEREAS**, Project Anchorage has proposed the 3% sales tax, forecasting annual

1 revenue from the tax to be \$180 million with two-thirds going to property tax relief
2 and, one-third going to Municipal Area Projects approved by the voters after
3 payment of costs of administration, collection and audit of the tax; and
4

5 **WHEREAS**, Project Anchorage argues that the proposed Municipal Area Projects
6 (MAPs) that will attract and retain residents, increase resident and visitor enjoyment,
7 and enhance the livability of Anchorage; and
8

9 **WHEREAS**, to reduce the regressive effect of a general retail sales tax, exemptions
10 have been proposed for common and necessity transactions; and
11

12 **WHEREAS**, to reduce the regressive effect of a general retail sales tax, the proposal
13 recommends a household exemption component in which the Assembly determines
14 a process whereby Anchorage households with annual income at or below the 80%
15 federal poverty line may apply for exemption from the sales and use tax altogether,
16 and
17

18 **WHEREAS**, Project Anchorage has proposed a \$1,000 cap on the amount of a
19 purchase transaction subject to the sales and use taxes, limiting the amount of tax
20 paid to a maximum of \$30 per transaction; and
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22 **WHEREAS**, the proposed term of the tax would be limited to no more than seven
23 (7) full calendar years from the start of the tax levy and collections, excluding the
24 initial partial year; and
25

26 **WHEREAS**, multiple members of the Assembly have proposed alternate versions
27 of a sales tax, including substantial changes to the amount to be taxed and the
28 purposes for which the revenues could be spent; now, therefore
29

30 **THE ANCHORAGE MUNICIPAL ASSEMBLY ORDAINS:**
31

32 **Section 1.** An advisory proposition shall be placed on the ballot and submitted to
33 qualified voters of the Municipality of Anchorage at the regular municipal
34 election of April 1, 2025 in substantially the following form:
35

36 **PROPOSITION NO. _____**
37 **AN ADVISORY VOTE ON WHETHER THE ANCHORAGE MUNICIPAL**
38 **ASSEMBLY SHOULD CALL A SPECIAL ELECTION TO PROPOSE**
39 **IMPLEMENTATION OF A SALES AND USE TAX.**

40 *—This Proposition is Advisory Only—*
41

42 Assembly Members have proposed a 3% sales tax, subject to several
43 exceptions and limitations, with 2% of the tax being for reduction of property
44 taxes and 1% being dedicated to large-scale municipal capital projects with
45 the stated purpose of spurring economic growth and development.
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Should the Anchorage Assembly call a special election to propose voter authorization for a sales tax?

YES [] NO []

Section 2. The proposition contained in Section 1 of this ordinance is an advisory vote only. It shall advise the Anchorage Assembly of the voters' preference whether a special should be held for this purpose, and no legislation or code amendment is enacted.

Section 3. This ordinance shall become effective immediately upon passage and approval by the Assembly.

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

Chair

ATTEST:

Municipal Clerk



MUNICIPALITY OF ANCHORAGE
ASSEMBLY MEMORANDUM

No. AM 1019-2024

Meeting Date: December 17, 2024

1 From: Assembly Chair Constant

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3 Subject: AO No. 2024-105(S-1) - AN ORDINANCE OF THE ANCHORAGE
4 MUNICIPAL ASSEMBLY SUBMITTING TO THE QUALIFIED VOTERS OF THE
5 MUNICIPALITY AT THE REGULAR MUNICIPAL ELECTION ON APRIL 1, 2025,
6 AN ADVISORY BALLOT PROPOSITION ON WHETHER THE ANCHORAGE
7 MUNICIPAL ASSEMBLY SHOULD CALL A SPECIAL ELECTION TO PROPOSE
8 VOTER AUTHORIZATION OF A SALES TAX[PROPOSING A DEDICATED
9 PROPERTY] TAX AND ECONOMIC DEVELOPMENT MEASURE TO BE
10 SUBMITTED TO THE QUALIFIED VOTERS OF THE MUNICIPALITY THAT
11 WOULD ENACT A SALES AND USE TAX OF THREE PERCENT (3%) IN THE
12 AGGREGATE ON THE SALE OF GOODS AND SERVICES WITHIN THE
13 MUNICIPALITY, WITH CERTAIN EXEMPTIONS, A MAXIMUM TAX AMOUNT
14 PER TRANSACTION, COMPRISED OF A TWO PERCENT (2%) TAX
15 DEDICATED FOR THE SOLE PURPOSE OF REDUCING PROPERTY TAXES
16 PROPORTIONATELY THROUGHOUT THE MUNICIPALITY WITHIN THE "TAX
17 CAP" CALCULATION, AND A ONE PERCENT (1%) TAX OUTSIDE OF THE TAX
18 CAP DEDICATED FOR ESTABLISHMENT OF A TRUST FUND TO PAY FOR
19 VOTER APPROVED CAPITAL PROJECTS KNOWN AS MUNICIPAL AREA
20 PROJECTS (MAPs); COSTS OF ADMINISTRATION, COLLECTION AND AUDIT
21 OF THESE SALES AND USE TAXES SHALL BE SHARED PROPORTIONALLY
22 BETWEEN THE TAXES; PROVIDING FOR A MAPs CITIZENS ADVISORY
23 BOARD; PROVIDING A LIMITED TERM OF SEVEN (7) YEARS FOR THE
24 AGGREGATED 3% SALES AND USE TAX LEVY; AMENDING ANCHORAGE
25 MUNICIPAL CODE CHAPTER 12.25 REGARDING THE TAX INCREASE
26 LIMITATION; ADDING A NEW CHAPTER TO THE ANCHORAGE MUNICIPAL
27 CODE TO PARTIALLY IMPLEMENT THIS TAX REVENUE DIVERSIFICATION
28 MEASURE; AND PROVIDING FOR TRANSITION PROCEDURES AND
29 EFFECTIVE DATES].

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31 Given the complexity of the originally proposed ballot initiative and the broad
32 diversity of opinions within the community, the proposed substitute version changes
33 the ordinance to an advisory question for the April 1, 2025 ballot. Such a proposition
34 would provide the sponsors an opportunity to further engage and educate the public
35 on the proposed sales tax, while allowing the body the opportunity to gauge public
36 opinion on the topic. Both of these processes would greatly inform our various
37 positions while allowing additional time to refine the ordinance to deliver a better
38 product.

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40 I request your support for the ordinance.

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42 Prepared by: Assembly Counsel's Office

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44 Respectfully submitted: Christopher Constant, Assembly Chair

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District 1 – Northern Anchorage