

**LAI-ON-THE-TABLE**

(S-4) Submitted by: Assembly Member Brawley  
(S-4) Reviewed by: Assembly Counsel's Office  
(S-4) For reading: December 17, 2024

**ANCHORAGE, ALASKA  
AO No. 2024-105(S-4)\***

*(NOTE: this (S-4) version is presented without legislative drafting markup from the original AO text, it is written as a new ordinance. See AM for summary of changes)*

1 AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY PROPOSING  
2 A TAX REVENUE DIVERSIFICATION MEASURE TO BE SUBMITTED TO THE  
3 QUALIFIED VOTERS OF THE MUNICIPALITY THAT WOULD ENACT A SALES  
4 AND USE TAX OF THREE PERCENT (3%) IN THE AGGREGATE ON THE SALE  
5 OF GOODS AND SERVICES WITHIN THE MUNICIPALITY, WITH CERTAIN  
6 EXEMPTIONS, COMPRISED OF A ONE-HALF PERCENT (0.5%) TAX FOR THE  
7 SOLE PURPOSE OF REDUCING PROPERTY TAXES PROPORTIONATELY  
8 THROUGHOUT THE MUNICIPALITY WITHIN THE "TAX CAP"  
9 CALCULATION, AND A TWO AND A HALF PERCENT (2.5%) TAX OUTSIDE OF  
10 THE TAX CAP DEDICATED FOR ESTABLISHMENT OF A TRUST FUND FOR  
11 VOTER AUTHORIZED COMMUNITY NEEDS; COSTS OF ADMINISTRATION,  
12 COLLECTION AND AUDIT OF THESE SALES AND USE TAXES SHALL BE  
13 INCLUDED UNDER THE TAX CAP; AMENDING AMC CHAPTER 12.10 TO  
14 INCREASE THE BUSINESS INVENTORY PERSONAL PROPERTY TAX  
15 EXEMPTION TO THE FIRST \$100,000 OF VALUE; AND PROVIDING FOR  
16 TRANSITION PROCEDURES AND EFFECTIVE DATES.

17  
18 **WHEREAS**, there has been a desire by the community to diversify our tax base and  
19 find sustainable, fiscally responsible ways to ensure public services, facilities, and  
20 infrastructure continue to meet the public's expectations within the Municipality of  
21 Anchorage; and

22  
23 **WHEREAS**, the Municipality of Anchorage is suffering from a net outmigration of  
24 residents with a net decline from 2013 (302,127) to 2023 (289,653) of 12,474  
25 residents or ~4.1%; of which 18,314 are of working age and multiple forecasts  
26 predict this decline will continue; and

27  
28 **WHEREAS**, the Municipality of Anchorage has identified housing, aging  
29 infrastructure and equipment, challenging attracting and retaining workforce, and  
30 the high costs for residents and small business as key policy priorities to address  
31 outmigration and encourage economic growth; and

32  
33 **WHEREAS**, there is a desire to revitalize Anchorage to attract and retain residents,  
34 increase resident and visitor enjoyment, and enhance the livability of Anchorage;  
35 and

36  
37 **WHEREAS**, Oklahoma City, Oklahoma's Metropolitan Area Projects (MAPS) public  
38 investment initiative served as the inspiration for a similar effort by the Anchorage

1 Economic Development Corporation (AEDC) and its project partners, now known  
2 as Project Anchorage; and

3  
4 **WHEREAS**, Oklahoma City voters first approved MAPS in 1993, as an additional  
5 1% tax collected on top of its existing general sales tax, and dedicated this new  
6 increment of funding toward a list of capital improvement projects specified on the  
7 ballot; because Oklahoma City had not historically utilized general obligation of  
8 revenue bonds (a form of debt) to pay for capital improvements, the MAPS initiative  
9 was intentionally designed to work with the city's fiscal structure and meet voter  
10 expectations, while responding to the community's projected needs; and

11  
12 **WHEREAS**, there are significant fiscal and structural differences between  
13 Oklahoma City and the Municipality of Anchorage, as well as differing community  
14 needs informing the 1993 and 2024 tax proposals, but Oklahoma City's intent and  
15 forward-looking approach to civic investment, and desire for accountability to voters  
16 for use of public funds served as inspiration for this ordinance;

17  
18 **WHEREAS**, to reduce the regressive effect of a general retail sales tax, exemptions  
19 will be provided for certain transactions; and

20  
21 **WHEREAS**, forecasted annual revenue from the tax, based on the mid-range of  
22 estimates and also depending on future policies choices such as allowed  
23 exemptions or per-transaction limits, is expected to be at least \$180 million after  
24 payment of costs of administration, collection and audit of the tax; and

25  
26 **WHEREAS**, a sales and use tax is not new to Alaska with sales taxes, along with  
27 use tax in some instances, implemented in Juneau, Kenai, Homer, Ketchikan,  
28 Kodiak, Palmer, Seward, Soldotna, Wasilla and other jurisdictions; and

29  
30 **WHEREAS**, any ballot proposition for a special election is to be approved by the  
31 deadline established by an Assembly Resolution calling for a special election,  
32 pursuant to AMC section 28.20.010B.; now, therefore

33  
34 **THE ANCHORAGE ASSEMBLY ORDAINS:**

35  
36 **Section 1.** Pursuant to state law and the Anchorage Municipal Charter, a ballot  
37 proposition in substantially the same form as appear in Section 2 below shall be  
38 placed on the ballot and submitted to the qualified voters of the Municipality at a  
39 special municipal election. The Assembly shall call a special election for this  
40 purpose in accordance with AMC section 28.20.010B.

41  
42 **Section 2.** A ballot proposition shall be presented in substantially the following  
43 form:

44  
45 **PROPOSITION NO. \_\_\_\_**  
46 **TAX REVENUE DIVERSIFICATION MEASURE:**

**CHARTER AMENDMENT AND ORDINANCE TO AUTHORIZE THE LEVY  
OF A 3% SALES AND USE TAX FOR PROPERTY TAX REDUCTION  
AND DEDICATION TO VOTER AUTHORIZED COMMUNITY NEEDS**

The proposed Charter Amendment and Assembly Ordinance 202\_-\_\_\_\_ would authorize and enact an aggregated three percent (3%) sales and use tax on the sale or use of goods and services within the Municipality of Anchorage, and require certain specified exemptions. The tax shall be first levied no earlier than September 1, 2026 and no later than June 1, 2027, the actual date of levy to be determined by the Assembly. For the first partial calendar year the sales and use tax is levied, the Municipality will also collect property taxes without reduction. This measure is comprised of two separate sales and use tax levies for separate purposes: (1) A one-half percent (0.5%) tax dedicated to the reduction of property taxes under the municipal Tax Cap, except that portion of this tax used for payment of the costs of administration, collection and audit. This is estimated to reduce the overall property tax burden by approximately\_\_\_\_\_. (2) A two and a half percent (2.5%) tax dedicated to fund community needs authorized by the voters. The full amount of this tax will be outside the Tax Cap.

This proposition would amend Anchorage Municipal Charter Section 14.03 and add new Section 14.08, as follows (new language proposed is shown in **bold and underlined**; language to be deleted is shown with ~~bold and brackets~~):

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

- (a) Except as provided in this section, the total amount of municipal tax that can be levied during a fiscal year shall not exceed the total amount approved by the assembly for the preceding year by more than a percentage determined by adding the average percentage increase in the Federal Consumer Price Index for Anchorage from the preceding five fiscal years plus the average percentage growth or loss in the Anchorage municipal population over the preceding five fiscal years as determined by the state department of community and regional affairs.
- (1) The "total amount of the municipal tax that can be levied during a fiscal year" and the "total amount approved by the assembly for the preceding year" in subsection (a) of this section shall include all payments in-lieu of taxes paid or to be paid by any Municipality of Anchorage utility, department, agency or public corporation or authority.
- (2) The "total amount approved by the assembly for the preceding year" shall be the total amount of the taxes and payments in-lieu of taxes approved by the assembly for

collection in the preceding year.

1  
2  
3 **(3) For the fiscal year that begins following the initial levy**  
4 **of the tax under Charter § 14.08(a), the “total amount of**  
5 **the municipal tax that can be levied during [the] fiscal**  
6 **year” shall be reduced by an amount equal to the net**  
7 **receipts of the one-half percent (0.5%) sales and use tax**  
8 **collected minus the payment of costs of administration,**  
9 **collection and audit to the Municipality pursuant to**  
10 **Charter § 14.08(a) in the year said tax is first levied.**

11  
12 **(4) For the fiscal year after the one in subsection (3), “the**  
13 **total amount approved by the assembly for the**  
14 **preceding year” shall include net receipts of the one-**  
15 **half percent (0.5%) sales and use tax collected after the**  
16 **costs of administration, collection and audit to the**  
17 **Municipality pursuant to Charter § 14.08(a) the year**  
18 **prior to the year for which the increase limitation is**  
19 **calculated; and the resulting “total amount of the**  
20 **municipal tax that can be levied during [the] fiscal year”**  
21 **shall be adjusted by the same amount.**

- 22  
23 (b) The limitations set forth in subsection (a) do not apply to the following:
- 24 (1) Taxes on new construction or property improvements which
  - 25 occur during the current fiscal year.
  - 26 (2) Taxes required to fund additional services mandated by voter
  - 27 approved ballot issues.
  - 28 (3) Special taxes authorized by voter approved ballot issues.
  - 29 (4) Taxes required to fund the costs of judgments entered against
  - 30 the municipality or to pay principal or interest on bonds,
  - 31 including revenue bonds.
  - 32 (5) Taxes required to fund the cost of an emergency ordinance
  - 33 enacted pursuant to 10.03 of the Municipal Charter.
  - 34 (6) Taxes imposed pursuant to Charter § 14.06 prior to 2019 and
  - 35 subsequent to 2023.
  - 36 **(7) Taxes imposed pursuant to Charter § 14.08(b).**

- 37  
38 (c) Any tax increases which result from the exceptions set forth in
- 39 subsection (b)(1)—(3) shall be added to the base amount which is
- 40 used in subsection (a) for the calculations of the subsequent year tax
- 41 increase limit. Taxes collected pursuant to Charter § 14.06 in 2018
- 42 shall be added to the base amount which is used in subsection (a) for
- 43 calculations of the 2019 tax increase limit. Taxes collected pursuant
- 44 to Charter § 14.06 in 2024 and subsequent years shall be in addition
- 45 to taxes that can be levied pursuant to this section. To ameliorate the
- 46 effect of excepting taxes in subsection (b)(6) subsequent to 2023, the

total amount of municipal tax that can be levied as calculated under  
subsection (a) for 2024 only shall be reduced by one million dollars.

\*\*\*                      \*\*\*                      \*\*\*

**Section 14.08. - Sales and Use Tax; Portion Dedicated to Community Needs.**

**(a) The assembly is hereby authorized to levy, to the extent provided by law, a one-half percent (0.5%) tax on the sale and use of goods and services within the municipality, with exemptions as provided by law. The proceeds of the 0.5% sales and use tax authorized by this section in one fiscal year, after payment of the costs of administration, collection and audit, are to be used in place of property taxes in the following year for any public purpose. The taxes collected used for payment of the costs of administration, collection and audit of the taxes authorized by this section shall be “special taxes” under Charter § 14.03(b).**

**(b) In addition to the tax authorized by subsection (a), the assembly is hereby authorized to levy a two and a half percent (2.5%) tax on the sale and use of goods and services within the municipality dedicated to funding community needs. This tax shall be levied at the same time, in the same manner, and with identical exemptions as the tax authorized by subsection (a).**

**(1) “Community needs” are defined as follows:**

- (i) Housing construction, rehabilitation and repairs, related capital improvements and infrastructure, and investments to reduce housing cost burdens;**
- (ii) Improvements to real property to support small business development;**
- (iii) Expansion of service, capital and operational improvements for public transportation;**
- (iv) Construction, rehabilitation and repairs, and other improvements to public facilities and civic institutions serving the public;**
- (v) Improvements that maintain, enhance, or increase the public’s access to and utilization of, public facilities and amenities**
- (vi) Operations, maintenance, and safety funds for public facilities, amenities, and infrastructure created or improved through this fund. This does**

1 not create an ongoing obligation by the  
2 Municipality to private property owners for future  
3 maintenance and repairs, or to fund subsequent  
4 improvements to private property.

5  
6 (2) The gross receipts of the two and a half percent tax  
7 dedicated above shall be used to establish a trust fund  
8 and be deposited therein. The assembly shall establish  
9 by ordinance a level of trust fund assets reasonable and  
10 necessary to hold in reserve for investment earnings  
11 sufficient to be available during the economic life of the  
12 fund's obligations, which may include costs of  
13 operations, maintenance and safety improvements of  
14 public facilities and services consistent with the  
15 dedicated uses of this fund. The assembly may  
16 authorize draws from the trust by ordinance, with the  
17 following stipulations:

18  
19 (i) Investment earnings are first used for payment of  
20 costs for operations, maintenance and safety  
21 improvements for public facilities and services  
22 wholly or partially funded by the dedicated tax  
23 revenue. Investment earnings unencumbered at  
24 the end of the fiscal year shall become part of the  
25 trust corpus.

26  
27 (ii) Appropriations from the trust corpus are  
28 authorized for costs of funding design,  
29 development, and construction of a project the  
30 assembly finds meets a community need.

31  
32 (iii) Appropriations from the trust corpus may not  
33 cause the balance to fall below the trust reserve  
34 level established by the assembly in accordance  
35 with this section.

36  
37 (3) The assembly shall establish an investment policy for  
38 the Trust Fund and Reserves by ordinance. The  
39 assembly may enact such additional provisions, not  
40 inconsistent with this section, as necessary or  
41 desirable to implement this section.

42  
43

1        **(c) The taxes authorized by this section shall first be levied no**  
2        **earlier than September 1, 2026 and no later than June 1, 2027,**  
3        **as determined by the assembly by ordinance.**

4  
5        **(d) The assembly may prescribe exemptions to the taxes**  
6        **imposed by this section by ordinance, and shall enact such**  
7        **additional provisions, not inconsistent with this section, as**  
8        **necessary or desirable to implement this section.**

9  
10       **(e) The assembly shall not establish an overall maximum amount**  
11       **taxable in each transaction applicable to all goods and**  
12       **services, but may by ordinance identify and set taxable**  
13       **transaction limits on categories of goods and services.. No**  
14       **limit shall be less than \$5,000.**

15  
16       **(f) The sales transactions subject to the tax levies imposed by**  
17       **Charter §§ 14.05, 14.06 and 14.07 are exempt from the tax**  
18       **imposed by this section.**

19  
20       And by amending Anchorage Municipal Charter, Article II (4), and Charter  
21       §14.01(b) as follows (**underlined and bolded words** are proposed new  
22       words; ~~strikeouts in bold~~ are proposed deletions):

23  
24                    **ARTICLE II                    BILL OF RIGHTS**

25  
26       This Charter guarantees rights to the people of Anchorage  
27       that are in addition to rights guaranteed by the Constitution of  
28       the United States of America and the Constitution of the State  
29       of Alaska. Among rights guaranteed by this Charter are:

30  
31                    \*\*\*                    \*\*\*                    \*\*\*  
32       (4)       The right of immunity from sales taxes, except upon  
33                    approval by three-fifths (3/5) of the qualified voters  
34                    voting on the question except the taxes imposed by  
35                    Charter ~~§ [Section]~~ 14.05, ~~§ [and Section]~~ 14.07, **and**  
36                    **§ 14.08** shall be effective if approved by a majority (50  
37                    percent + one) of the qualified voters voting on the  
38                    question.

39                    \*\*\*                    \*\*\*                    \*\*\*

40  
41  
42                    **Section 14.01                    Taxing Authority**

43                    \*\*\*                    \*\*\*                    \*\*\*  
44

(b) 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 taxes imposed by Charter ~~§ [Section]~~ 14.05, ~~§ [and Section]~~ 14.07, and § 14.08 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 a Municipal 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 September 1, 2026 and no later than June 1, 2027, with the date of initial levy to be established by the Anchorage Assembly by ordinance.

Shall the Charter be amended as shown above and become law, authorizing an aggregated 3% sales and use tax, a portion dedicated for community needs?

YES  NO

**Section 3.** Anchorage Municipal Code chapter 12.10 is hereby amended to read as follows, effective if and only if the proposition in Section 2 of this ordinance is approved by the voters (*the remainder of the chapter is not affected and therefore not set out*):

**Chapter 12.10 PERSONAL PROPERTY TAXATION**

**12.10.010 Property subject to taxation.**

A. Except as otherwise provided in this chapter, the following personal property which has a tax situs within the municipality is subject to taxation:

\*\*\* \*\*

3. *Taxable business personal property.*

a. Business personal property is taxable to the extent that a taxpayer's total assessed value for all business personal property within the Municipality of Anchorage exceeds \$100,000.00 [\$20,000.00].

\*\*\* \*\*

(AO 220-76, § 1, 11-16-06; AO No. 81-218(S); AO No. 94-74(S-1), § 1, 1-1-95; AO No. 94-211, § 2, 1-1-95; AO No. 2004-140, § 1, 10-26-04; AO No.



2010-81(S-1), § 15, 12-7-10, eff. 1-1-11; AO No. 2011-30, § 2, 3-8-11, eff. 1-1-12; AO No. 2020-96, § 3, 9-1-21\*)

**12.10.020 Exemptions.**

A. Individual personal property utilized solely and exclusively for personal, non-business uses or purposes is exempt from taxation under this chapter.

B. The first \$100,000.00 [\$20,000.00] of assessed valuation of taxable personal property owned by each taxpayer shall be exempt from municipal property taxation.

1. For a taxpayer with more than one personal property tax account, the \$100,000.00 [\$20,000.00] exemption shall be distributed pro rata among all of the taxpayer's accounts, based on the proportion of the assessed value in each account to the total assessed value of that taxpayer's personal property.

(GAAB 10.05.030; AO No. 81-218(S); AO No. 85-182, 1-1-86; AO No. 86-211(S-1); AO No. 94-74(S-1), § 2, 1-1-95; AO No. 94-97(S), § 2, 1-1-95; AO No. 94-211, § 3, 1-1-95; AO No. 94-219, § 1, 1-1-95; AO No. 97-128, § 1, 10-21-97; AO No. 2004-140, § 2, 10-26-04; AO No. 2020-96, § 3, 9-1-21\*)

\*\*\*                      \*\*\*                      \*\*\*

**Section 4.** 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 5.** The Charter amendments set forth in the proposition in Section 2 of this ordinance shall become effective on July 1, 2025, and the Code amendments set out in Section 3 shall become effective January 1, 2026, if and only if, said proposition is approved by a majority of the qualified voters of the Municipality voting on the proposition during a Municipal election; and furthermore the proposition set forth in Section 3 shall become effective if and only if the proposition set forth in Section 2 is approved. The remainder of this ordinance shall be effective upon passage and approval.

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

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Chair

ATTEST:

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Municipal Clerk