

**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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12

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Chair

ATTEST:

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Municipal Clerk

MUNICIPALITY OF ANCHORAGE



ASSEMBLY MEMORANDUM

No. AM \_\_\_\_-2024

Meeting Date: December 17, 2024

1 **From: Assembly Member Brawley**

2  
3 **Subject: AO 2024-105 (S-4) - AN ORDINANCE OF THE ANCHORAGE**  
4 **MUNICIPAL ASSEMBLY PROPOSING A TAX REVENUE DIVERSIFICATION**  
5 **MEASURE TO BE SUBMITTED TO THE QUALIFIED VOTERS OF THE**  
6 **MUNICIPALITY THAT WOULD ENACT A SALES AND USE TAX OF THREE**  
7 **PERCENT (3%) IN THE AGGREGATE ON THE SALE OF GOODS AND**  
8 **SERVICES WITHIN THE MUNICIPALITY, WITH CERTAIN EXEMPTIONS,**  
9 **COMPRISED OF A ONE-HALF PERCENT (0.5%) TAX FOR THE SOLE**  
10 **PURPOSE OF REDUCING PROPERTY TAXES PROPORTIONATELY**  
11 **THROUGHOUT THE MUNICIPALITY WITHIN THE "TAX CAP"**  
12 **CALCULATION, AND A TWO AND A HALF PERCENT (2.5%) TAX OUTSIDE OF**  
13 **THE TAX CAP DEDICATED FOR ESTABLISHMENT OF A TRUST FUND FOR**  
14 **VOTER AUTHORIZED COMMUNITY NEEDS; COSTS OF ADMINISTRATION,**  
15 **COLLECTION AND AUDIT OF THESE SALES AND USE TAXES SHALL BE**  
16 **INCLUDED UNDER THE TAX CAP; AMENDING AMC CHAPTER 12.10 TO**  
17 **INCREASE THE BUSINESS INVENTORY PERSONAL PROPERTY TAX**  
18 **EXEMPTION TO THE FIRST \$100,000 OF VALUE; AND PROVIDING FOR**  
19 **TRANSITION PROCEDURES AND EFFECTIVE DATES.**

20  
21 This substitute version proposes a significantly different approach to the sponsors'  
22 Project Anchorage proposal (AO 2024-105 and -105(S)), but also carries forward  
23 several assumptions and broad goals from their concept:

- 24 • The Municipality must diversify its revenue sources while considering how  
25 to balance burdens across residents, property owners, and business  
26 enterprises comprising our tax base.
- 27 • The community desires revitalization and enhancing quality of life, and  
28 should dedicate locally-generated funding to this purpose.
- 29 • Public cultural and recreational facilities and services are important aspects  
30 of quality of life, amenities that residents expect, and also generate  
31 economic activity from both residents and visitors.
- 32 • It is critical to the long-term success and fiscal health of the Municipality,  
33 and our public facilities and services, to ensure we adequately fund  
34 operations, maintenance, major repairs and other known needs.
- 35 • The Municipality's voters expect public funds to be spent wisely, with clear  
36 accountability and continued commitment to use new tax revenue for its  
37 intended purposes, and deliver results.
- 38 • Sales taxes require public approval, and have trade-offs: it is therefore  
39 important to consider what voters will support, and offer a balanced revenue  
40 proposal that accounts for cost of living and existing property tax burden.

1  
2 Other substitute versions introduced for this item also offer alternative designs  
3 using many of the same assumptions and goals. This version does not incorporate  
4 all other proposed elements, but the following items are particularly compelling:

- 5 • (S) Municipal services universal hardship application, trust fund for  
6 dedicated revenue collected, Community Work Agreement (CWA)  
7 language, certain exemptions such as feminine hygiene products and  
8 nonprofit organizations.
- 9 • (S-1) Putting the sales tax (detailed proposal) voters as a special election
- 10 • (S-2) Municipal programs and benefits Charter amendment and proposal,  
11 language including “community need” and “public purpose,” dedications to  
12 housing and transit, addressing business personal property (inventory) tax
- 13 • (S-3) Dedications to maintenance, language including “public purpose,”  
14 removes property tax relief.

### 15 16 **Approach and Priorities in This Version: A Community Needs Sales Tax**

17  
18 The following policy approach and priorities guided creating this version:

- 19  
20 1. *Focus on community needs, and prioritize what we need over what we*  
21 *want.* These are not mutually exclusive, but focusing new revenue into our  
22 housing, infrastructure, existing public facilities and services, while still  
23 imagining new possibilities, helps achieve the goal of investing in ourselves.
- 24  
25 2. *Elevate funds for dedicated community needs above property tax relief.*  
26 This proposal does not remove replacement of existing property tax  
27 revenue under the cap, but de-prioritizes it and shifts all administration  
costs to be fully within the tax cap.
- 28  
29 3. *Maintain and keep improving what we have.* This applies not only to public  
30 facilities, like libraries, but also to our housing stock, commercial properties  
31 that mean growth opportunities for small businesses, and civic and  
recreational amenities that people expect in thriving communities.
- 32  
33 4. *Use new dedicated funding for necessary and practical needs that are not*  
34 *economic (will not be addressed by the market).* The proposed uses for the  
35 funds address broad needs: housing, repair of existing facilities, public  
36 transit, and other categories. Where possible, the language narrows the  
37 focus to what will not pay for itself through the private sector: construction of  
38 new affordable housing, improvements to existing affordable housing, and  
expansion of bus routes as a match to federal funding.
- 39  
40 5. *Create a tax mechanism that is both stable and flexible for the long term.*  
41 Sunset provisions, prohibitions on using financing, and other specific design  
42 choices made in the sponsors’ version of the tax will make it more difficult to  
43 administer this tax long term, and could create more volatility in property tax  
44 bills if voters fail to re-authorize the tax in a future year. Changing these  
45 provisions do not change the underlying premise of the tax, and preserves  
clear guardrails to protect these new public funds.
- 46  
6. *Manage administrative burden and cost for government, entities utilizing*

1 *project funds, and the private sector.* Some design features in this proposal  
2 are intended to give flexibility to future elected leaders and the public, to  
3 avoid complex charter amendments in future years and allow for addressing  
4 the Municipality's needs as they evolve over time. Rather than narrowly  
5 defining specific projects or uses of funds, this version gives multiple  
6 options and contemplates creation of different initiatives over time.

7 7. *Do not attempt to define all the details in the ballot measure.* The last  
8 portion of this memorandum lists proposed policy choices for a future  
9 implementation ordinance, as well as possible exemptions, but does not  
10 address all of these in what goes before voters.

11 8. *Take the time to create the right proposal, and make space for voters to*  
12 *consider this big question on the ballot.* This proposes a special election for  
13 September 2025, which allows additional time past the deadlines for the  
14 April 1, 2025 election to continue working toward a consensus-based, re-  
15 designed version of this proposal before it goes to voters.

### 16 **Policy Choices in Proposed Ballot Language**

- 17
- 18 1. Retains the 3% overall tax rate.
- 19 2. Retains a split between property tax relief (i.e., general government funding  
20 under the tax cap) and dedicated funds to specified purposes. It changes  
21 the proportion from 2:1 to 1:5, with 0.5% to property tax relief (one-sixth or  
22 17% of total revenue) and 2.5% to dedicated purposes, outside the tax cap  
23 (five-sixths or 83% of total revenue).
- 24 3. Removes the sunset provision. This means that the tax itself does not  
25 expire, or require active re-authorization by voters; both property tax relief  
26 and the dedicated fund uses continue in perpetuity. Accountability to voters  
27 is maintained via dedication of funds in the Charter; the opportunity to  
28 expand, remove, or change allowed dedications remains available to voters  
29 through a future Charter amendment, which may be placed on the ballot by  
30 the Assembly.
- 31 4. Proposes a different approach and clear set of options to utilize the new tax  
32 funding, focused on housing production, public transit, encouraging reuse  
33 and improvements to our existing building stock, and supporting small  
34 businesses who make physical building improvements. Recognizing the  
35 desire to re-invest in Anchorage and amenities that support quality of life,  
36 funds can also be utilized for constructing new facilities as well as  
37 improvements to existing facilities, from libraries to parks. Additionally, the  
38 fund may support operations and maintenance for public facilities,  
39 consistent with Project Anchorage's version.
- 40 5. Allows for use of dedicated funds for debt service, and does not require  
41 80% equity before beginning construction.
- 42 6. Excludes alcoholic beverages, marijuana products, and room rental tax  
43 from sales tax, unless voters amend those separate sections of the Charter  
44 to make changes to how those existing funds are already dedicated.
- 45 7. Removes much of the specificity about exemptions, but retains references  
46 to nonprofit organizations, sales and rental of real property, fuel and  
47 gasoline, business purchases for resale, private individual sales, and  
48 moving expenses (bringing goods into the city to establish residence).

- 1 8. Prohibits a universal transaction cap, but allows the Assembly to set  
2 transaction caps for categories of some goods and services. The limit must  
3 be at least \$5,000.
- 4 9. Shifts all collection, enforcement, and audit functions to be within the cap,  
5 and collected from the portion used as property tax relief.
- 6 10. Includes raising the exemption for business personal property tax from  
7 \$20,000 to \$100,000. By law the Assembly is allowed to increase this  
8 exemption further by ordinance; it does not require approval of the voters.
- 9 11. Calls for a special election to be held September 9, 2025, with effective  
10 dates and implementation dates adjusted accordingly. This requires the tax  
11 take effect between September 1, 2026 and by June 1, 2027.

### 12 **Additional Information about Proposed Community Needs (Allowed Uses)**

13 The list proposed in the ballot proposition is intended to provide clear guardrails for  
14 how these funds can be spent, while also building in flexibility to consider new  
15 funding programs and shift priorities in the fund over time. Because the tax itself  
16 does not sunset in this version and is not built around individual named projects, the  
17 intent is to authorize multiple possible uses of the fund, and continue refining and  
18 prioritizing these before (and after) implementation of the tax itself. This version  
19 assumes that any of the community recreation projects proposed are compatible  
20 with allowed uses, provided that the facility is serving the public.

21 It does not require returning to voters to re-authorize what has already been  
22 approved in the Charter, similar to how alcohol and marijuana tax dedications have  
23 been designed; it does, however, contemplate that in the future, voters may approve  
24 changes to this list by Charter amendment: this may include adding, changing, or  
25 removing a priority area.

26 Within each authorized use of the funds, listed below, there are multiple possibilities  
27 for addressing the community's needs: under each are ideas to explore further.

- 28 1. "Housing construction, rehabilitation and repairs, capital improvements and  
29 infrastructure, and investments to reduce housing cost burdens"  
30
  - 31 ○ Capital grants for construction of new affordable rental housing for  
32 households below 80% AMI. *There is parallel work to create tax*  
33 *incentives for market-rate and workforce housing, but new housing*  
34 *for low income households is not economic without direct subsidy.*
  - 35 ○ Capital grants or revolving loan fund for reconstruction or rehabilitation  
36 of existing affordable housing, such as roof replacements.
  - 37 ○ ADA accessibility improvements to existing housing, such as ramps.
  - 38 ○ Matching capital funds for major repairs of structures and private  
39 infrastructure systems of rental housing, mobile home parks, and  
40 common interest communities (condo associations) to restore the  
41 property to minimum living standard. To ensure owners are investing  
42 in their own properties, at least a 50% match is required, which can  
43 include leveraging other federal, state, local, and private funds.
  - 44 ○ Matching water and sewer improvements for capital projects that  
45 include housing, within AWWU service boundaries.
  - 46 ○ Improvements to mitigate cost burdens for residents could include  
47  
48  
49

- 1 energy efficiency investments: on-demand water heaters, solar  
2 panels, passive heating and cooling upgrades, and better insulation.
- 3 2. “Improvements to real property to support small business development”
- 4 ○ Similar program to affordable housing revolving loan funds, or  
5 matching funds for major repairs, but focused on small businesses  
6 with a physical presence within the Municipality. This could include  
7 tenant improvements for start-up businesses, safety improvements  
8 (such as roof truss replacements), and reducing costs of doing  
9 business in storefronts and commercial properties.
- 10 ○ One-time funding for businesses to make improvements directly  
11 related to required licensing or other code compliance: this may  
12 include cottage food businesses, restaurants requiring food and safe  
13 service permits, licensed child care providers who must meet specific  
14 physical requirements for operation of a center, and ADA accessibility  
15 improvements that benefit customers and businesses.
- 16 3. “Expansion of service, capital and operational improvements for public  
17 transportation”
- 18 ○ Additional fixed routes, special routes serving time-limited events, or  
19 paratransit services.
- 20 ○ Higher level of route service such as route frequency, operating hours.
- 21 ○ Capital improvements, maintenance and repair of transit facilities  
22 including centers and transfer points, bus shelters, signage, and ADA  
23 accessibility improvements at or immediately around bus stops.
- 24 ○ Improved communication, ticketing, and customer service offerings  
25 intended to improve transit access and increase ridership.
- 26 ○ This category overlaps with #5 below, but does not assume that transit  
27 service improvements must be tied to specific public facilities.
- 28 4. “Construction, rehabilitation and repairs, and other improvements to public  
29 facilities and civic institutions serving the public; this includes both existing  
30 and future municipal facilities”
- 31 ○ Existing facilities (examples): Performing Arts Center, Mountain View  
32 Library, Animal Control Center, Town Square Park, Cuddy Park,  
33 existing Recreation Centers, trails and related amenities.
- 34 ○ Potential new facilities (examples): Downtown Library, Chester Creek  
35 Sports Complex, new Health Department building including public  
36 health clinics and other direct services. Project Anchorage’s proposed  
37 projects would also be examples of possible new facilities.
- 38 5. “Improvements that maintain, enhance, or increase the public’s access to  
39 and utilization of, public facilities and amenities”
- 40 ○ This could mean transit service changes, wayfinding or trail  
41 connections between facilities, communications and information  
42 sharing to encourage public use, language access, ADA  
43 accommodations, and other improvements to make public facilities  
44 more accessible to more people.
- 45 6. “Operations, maintenance, and safety funds for public facilities, amenities,  
46 and infrastructure created or improved through this fund.”
- 47 ○ This is the same proposal as the one in Project Anchorage, but  
48 contemplates that the funding can be used on existing and new  
49 buildings, provided that they received sales tax funding for

1 improvements, and are public facilities or amenities. This funding is  
2 not intended to fully subsidize or replace existing operational revenue  
3 streams for all public facilities, but can be used to support operations.  
4

5 The language in the last item on the list is intended to draw a clear distinction  
6 between use of public funds to improve private property (as a one-time capital  
7 investment) and use of the funds for public facilities. The idea of this version, and  
8 Project Anchorage, is to ensure anything built with sales tax funds has a stable  
9 revenue stream to operate and maintain these assets. This certainly should be the  
10 case for public properties, but should not be understood to be an ongoing revenue  
11 source for private property owners who receive a one-time benefit, or an obligation  
12 by the Municipality to commit further funds to future projects at these same private  
13 properties for maintenance. Using these funds for private property is to provide  
14 one-time catalyzing funds to incentivize repairs, construction, and meeting needs  
15 the real estate market cannot on its own, not to subsidize ongoing operations.  
16

### 17 **Additional Policy and Choices to Address in Implementation Ordinance(s)**

18

19 This version does not directly address the many other policy choices to make  
20 regarding implementation of a new tax. Some ideas are noted briefly here for future  
21 consideration:

- 22 • The portion of the tax for property tax relief, as a percent of total revenue, will  
23 vary year over year. While taxpayers will inevitably experience some volatility  
24 in their tax bills in the first years of the tax, there may be ways to smooth out  
25 peaks and dips long term with a policy like calculating the under-the-cap  
26 portion of revenue over a 3-year average (using the most recent 3 years of  
27 collections on a rolling basis). This may require more enabling language in  
28 the ballot measure, but was not specifically included in this version.
- 29 • Maximum taxable amounts on a transaction should not be set across the  
30 board, but considered for categories of higher-price goods and services. For  
31 example, transaction caps can be set for vehicles, boats, and airplanes, that  
32 may be different than those for materials such as lumber and appliances;  
33 separate limits may be appropriate for contract services. There should be  
34 further modeling to define appropriate levels by product and service type.
- 35 • Exemptions are not directly addressed in the ballot language, but allows for  
36 an ordinance setting exemptions in code, which will have its own public  
37 hearing process. Many exemptions in other versions are worthy of  
38 consideration, but there are two distinct approaches proposed, that should  
39 be reconciled. The first is to exempt certain goods and services, no matter  
40 who the purchaser is; the second is to exempt certain people or households  
41 from paying the tax on any goods, based on socioeconomic status. While a  
42 blend of these approaches may be appropriate (for example, exempting rent  
43 or medical services for all people), in several situations they are duplicative.
- 44 • Recognizing the cost of collection for this tax, and the different level of  
45 administrative work for larger and smaller businesses, there could be a  
46 limited exemption for businesses to offset these costs, where businesses  
47 retain a portion of tax revenue they collect. One design option is defining tiers  
48 based on total revenue, rather than a percentage of total sales tax collected,  
49 because it can allow for a more generous exemption “floor” for very small



1 operations. This example is based on businesses' reported gross revenue:

- 2 ○ Less than \$10,000 gross revenue: can retain a credit up to \$1,000
  - 3 ○ At least \$10,000 and less than \$50,000: up to \$1,500
  - 4 ○ At least \$50,000 and less than \$100,000: up to \$2,000
  - 5 ○ At least \$100,000 and less than \$500,000: up to \$3,000
  - 6 ○ At least \$500,000 and less than \$1,000,000: up to \$4,000
  - 7 ○ More than \$1,000,000: up to \$5,000
- 8 ● Other versions include adoption of the Alaska Remote Seller Sales Tax
  - 9 Code, entity authorized to collect remote sales (online sales) from individuals
  - 10 on behalf of communities, and remit to those communities. The MOA already
  - 11 participates in this for alcohol sales completed online and shipped to
  - 12 customers; this should be included, and not require approval on the ballot.

### 13 **Another Critical Future Revenue Source: Stormwater Utility (SWU)**

14 This proposal does not directly address, but recognizes the need for,  
15 implementation of a stormwater utility (SWU). This new utility is already authorized  
16 in code, but needs to be operationalized. SWUs are common practice in American  
17 cities to address stormwater, drainage, and runoff needs, and the impacts of water  
18 on infrastructure and the built environment, separately from wastewater and solid  
19 waste generation, which are handled by existing utilities. This utility is intended to  
20 fund, over time, the infrastructure needed to manage drainage and runoff.  
21 Unmanaged drainage issues continue to be a significant cost driver in the  
22 Municipality's capital projects, from emergency repairs to upgrades, as well as for  
23 Anchorage property owners who experience damage from flooding, erosion, and  
24 other impacts. Like many other types of infrastructure, the Municipality has a large  
25 backlog of projects to address stormwater issues.

26  
27  
28 All property owners would likely be rate payers, similar to how customers connected  
29 to city water and sewer pay for this service. Ratepayers who reduce or prevent  
30 runoff of stormwater from their property into the system will also reduce their  
31 financial obligations to pay into this shared system, but large property owners,  
32 particularly those with surface parking lots and insufficient stormwater retention, will  
33 see the largest cost increases. While it is not practical to directly tie together the  
34 question of a sales tax including property tax relief with implementation actions for  
35 the new SWU, it should be noted that property tax relief can be seen as an offset  
36 for those property owners who stand to have the highest rates. For this reason, the  
37 property tax relief portion was not removed in this version, but remains with the  
38 intent that it is seen as an offset offered, with the understanding the SWU will be  
39 implemented as soon as is feasible.

### 40 **Precedents for Public Investment in City Improvements**

#### 41 ***Special Assessment Districts***

42  
43 Existing Municipal code ([AMC 19.10.020](#))<sup>1</sup> describes creation of special assessment  
44 districts, and the variety of infrastructure, capital improvements, and services that  
45

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<sup>1</sup> AMC 19.10.020 Special Assessment Districts: Authorized improvements and services. Direct link:  
[https://library.municode.com/ak/anchorage/codes/code\\_of\\_ordinances?nodeId=TIT19SPAS\\_CH19.10SPAS\\_DIAU\\_19.10.020AUMSE](https://library.municode.com/ak/anchorage/codes/code_of_ordinances?nodeId=TIT19SPAS_CH19.10SPAS_DIAU_19.10.020AUMSE)

1 are generally authorized to use with special assessment funding. This is the legal  
2 framework for the Downtown Improvement District, and services provided by  
3 Anchorage Downtown Partnership (ADP).

4  
5 ***City-building in Late 19<sup>th</sup> and Early 20<sup>th</sup> Century America***

6 The years before and after the turn of the last century were a period of massive  
7 wealth-building, economic growth, and urbanization of American communities,  
8 spurred by key technological advancements including electrification, light passenger  
9 rail, invention of the car, steel construction. This rapid growth also brought a large  
10 population of workers to cities seeking opportunity, as well as complex social issues  
11 to cities: tenement (substandard) housing, water and sanitation needs, urban  
12 poverty, and other challenges with many humans living together in the same spaces.

13  
14 To address these challenges, two distinct movements arose, both of which had  
15 lasting impact on the physical form and complex operational systems of cities:

16  
17 The first was the City Beautiful movement, which focused on building grand civic  
18 buildings, parkways, and amenities for American cities to rival the large, wealthy  
19 cities of Europe. This approach left a legacy of civic monuments, institutions, and  
20 public spaces that came to define the character of our major cities: examples include  
21 Chicago's lakeshore, Washington D.C.'s National Mall, and Coral Gables, Florida.

22  
23 The second was less visible today, but equally important: Progressive social reforms  
24 championed by city leaders such as Theodore Roosevelt in New York City,  
25 advocates such as Jane Addams with Hull House in Chicago, and others. These  
26 efforts focused on building urban infrastructure such as sanitation systems, drinking  
27 fountains, and public transportation; improving standard of living through regulation  
28 of housing quality, working conditions, and public education; and ensuring swift and  
29 effective emergency response through creation of fire and police departments.

30  
31 Both movements made great and lasting contributions to cities: when considering  
32 how, and what, to build great cities in the 21<sup>st</sup> century, we would be wise to  
33 remember the value in investing in both our needs *and* our aspirations.

34  
35 **I request your support for the ordinance.**

36  
37 Reviewed by: Assembly Counsel's Office

38  
39 Respectfully submitted: Anna Brawley, Assembly Member  
40 District 3, West Anchorage