

Appendix R - 1

Alcoholic Beverages Retail Sales Tax Program

Purpose

The net receipts from the alcoholic beverages retail sales tax, after payment of the costs of administration, collection, and audit to the municipality, are dedicated and shall be available to use only for:

- Funding for police, related criminal justice personnel, and first responders
- Funding to combat and address child abuse, sexual assault, and domestic violence
- Funding for substance misuse treatment, prevention programs, detoxification or long-term addiction recovery facilities, mental and behavioral health programs, and resources to prevent and address Anchorage's homelessness crisis.

The dedicated net receipts shall only be used to provide additional service levels above the 2020 baseline. The net receipts described shall not be used to supplant funding for existing service levels contained in the actual operating budget for fiscal year 2020 and the funding to provide for and maintain that level of service in subsequent years.

Description

Ordinance AO 2019-148(S-1), As Amended submitted to the qualified voters of the Municipality of Anchorage at the regular municipal election on April 7, 2020 as Proposition 13 passed 51.24% yes to 48.76% no. Proposition 13 amends the Anchorage Municipal Charter by adding a new Section 14.07 Alcoholic beverages retail sales tax. The assembly is authorized to levy a five percent (5%) tax on all retail sales of alcoholic beverages. The tax levy shall be effective February 1, 2021.

No increase of the alcoholic beverages retail sales tax above five percent (5%) or change of the use of its proceeds may be made without approval of the majority of qualified voters voting on the question.

At least 120 days before the end of the fiscal year of the municipality and at such other times as the assembly directs, the mayor shall submit to the assembly a report of the tax revenues collected and expended. The report of expenses shall be itemized by each authorized use or purpose and presented to the public.

AO 2020-57(S), passed and approved by the Anchorage Assembly on June 23, 2020 added Anchorage Municipal Code (AMC) Chapter 12.65, Alcoholic Beverages Retail Sales Tax to establish the requirements and procedures for the administration, collection, and enforcement of the alcoholic beverages retail sales tax.

In accordance with AO 2019-148(S-1), As Amended, Section 3. the Municipality created fund 206000 Alcoholic Beverages Retail Sales Tax Fund to account for the revenues and expenditures of the tax proceeds.

Alcoholic Beverages Retail Sales Tax Program Reconciliation from 2024 Revised Budget to 2025 Proposed Budget

| | Function Costs | Positions | | |
|---|-------------------|-----------|----------|----------|
| | | FT | PT | Seas/T |
| 2024 Revised Budget | 21,045,418 | 25 | 4 | 3 |
| 2024 One-Time Requirements | | | | |
| - <u>Health</u> - Reverse ONE-TIME 2024 1Q Assembly Amendment #3, Line 1: Increase to Catholic Social Services Complex Care - unified funding proposal | (500,000) | - | - | - |
| - <u>Health</u> - Reverse ONE-TIME - 2024 1Q Assembly Amendment #3, Line 2: Increase to Brother Francis Shelter - unified funding proposal | (225,000) | - | - | - |
| - <u>Health</u> - Reverse ONE-TIME - 2024 1Q Assembly Amendment #3, Line 3 (Mayor Vetoed, Veto Overriden): Increase to Covenant House - unified funding proposal | (130,000) | - | - | - |
| - <u>Health</u> - Reverse ONE-TIME - 2024 1Q Assembly Amendment #4, Line 2: Volunteers of America Adolescent Residential Center for Help funded with reduction in Mobile Case Management Grants | (100,000) | - | - | - |
| Transfers by/to Other Departments | | | | |
| - Intragovernmental Charges (IGCs) | 3,982 | - | - | - |
| Changes in Existing Programs/Funding for 2025 | | | | |
| - <u>Finance</u> - salaries and benefits adjustments | 8,582 | - | - | - |
| - <u>Health</u> - salaries and benefits adjustments | 8,736 | - | - | - |
| - <u>Health</u> - reduce non-labor for position upgrade | (11,000) | - | - | - |
| - <u>Library</u> - salaries and benefits adjustments | 21,844 | - | - | - |
| - <u>Municipal Attorney</u> - salaries and benefits adjustments | 5,635 | - | - | - |
| - <u>Parks & Recreation</u> - salaries and benefits adjustments | 22,802 | - | - | - |
| - <u>Police</u> - salaries and benefits adjustments | 67,672 | - | - | - |
| 2025 Continuation Level | 20,218,671 | 25 | 4 | 3 |

Alcoholic Beverages Retail Sales Tax Program Reconciliation from 2024 Revised Budget to 2025 Proposed Budget

| | Function Costs | Positions | | |
|---|-------------------|-----------|----------|----------|
| | | FT | PT | Seas/T |
| 2025 Proposed Budget Changes | | | | |
| - <u>Assembly</u> - Professional service contracts for housing initiatives | (50,000) | - | - | - |
| - <u>Assembly</u> - Alcohol Tax Program education and outreach | (50,000) | - | - | - |
| - <u>Assembly</u> - Alcohol Tax strategic planning on use in all categories | (250,000) | - | - | - |
| - <u>Fire</u> - Mobile Crisis Team 24/7 Operations | 1,396,640 | - | - | - |
| - <u>Health</u> - Early education grants to providers | (2,282,127) | - | - | - |
| - <u>Health</u> - Evidence-based grants to providers | (1,000,000) | - | - | - |
| - <u>Health</u> - Anchorage Childrens' Trust | (1,750,000) | - | - | - |
| - <u>Health</u> - Pay for Success/Home for Good - housing program | (1,800,000) | - | - | - |
| - <u>Health</u> - Catholic Social Services Complex Care | 317,000 | - | - | - |
| - <u>Health</u> - Christian Health Association | (55,000) | - | - | - |
| - <u>Health</u> - Brother Francis Shelter | 158,000 | - | - | - |
| - <u>Health</u> - Covenant House | 57,000 | - | - | - |
| - <u>Health</u> - Anchorage Coalition to End Homelessness | (70,000) | - | - | - |
| - <u>Health</u> - Emergency cold weather shelter Jan-April | (2,000,000) | - | - | - |
| - <u>Health</u> - Anchorage Safety Center / Community Patrol | (1,145,000) | (3) | - | - |
| - <u>Health</u> - Emergency cold weather shelter Jan-April Non Emergency Transportation | (200,000) | - | - | - |
| - <u>Health</u> - Community Resource Coordination | (384,040) | - | - | - |
| - <u>Health</u> - Non-congregate shelter winter | 4,552,288 | - | - | - |
| - <u>Health</u> - Behavioral Health for mobile case management | (330,000) | - | - | - |
| - <u>Library</u> - Early Literacy program operations | (117,263) | (1) | - | - |
| - <u>Library</u> - Best Beginnings | (250,000) | - | - | - |
| - <u>Parks & Recreation</u> - Healthy spaces homeless camp abatement | 41,905 | - | - | - |
| 2025 Proposed Budget | 15,008,074 | 21 | 4 | 3 |

2024 Revised to 2025 Proposed Alcohol Tax Reconciliation by Program

| Line | Department / Agency | Category and Description | Function Cost (Direct + IGCs) | | | | |
|---|---------------------|---|-------------------------------|-----------------------------|-------------------|-----------------------|----------------------|
| | | | 2024 Revised Budget | REVERSE One-Time Amendments | Continuation | Proposed Changes | 2025 Proposed Budget |
| Child Abuse, Sexual Assault, and Domestic Violence | | | | | | | |
| 1 | Health | Early education grants to providers | 2,282,127 | - | - | (2,282,127) | - |
| 2 | Health | Evidence-based grants to providers | 2,000,000 | - | - | (1,000,000) | 1,000,000 |
| 3 | Health | Evidence-based grant to Abused Women's Aid in Crisis (AWAIC) | 225,000 | - | - | - | 225,000 |
| 4 | Health | Evidence-based grant to Standing Together Against Rape (STAR) | 225,000 | - | - | - | 225,000 |
| 5 | Health | Evidence-based grant to Victims for Justice | 225,000 | - | - | - | 225,000 |
| 6 | Health | Anchorage Childrens' Trust | 1,750,000 | - | - | (1,750,000) | - |
| 7 | Health | Program operations | 67,675 | - | - | - | 67,675 |
| 8 | Library | Early Literacy program operations | 114,341 | - | 2,922 | (117,263) | - |
| 9 | Library | Best Beginnings | 250,000 | - | - | (250,000) | - |
| 10 | | Subtotal Child Abuse, Sexual Assault, and Domestic Violence | \$ 7,139,143 | \$ - | \$ 2,922 | \$ (5,399,390) | \$ 1,742,675 |
| 11 | | | | | | | |
| First Responders | | | | | | | |
| 13 | Fire | MCT 24/7 Operations | - | - | - | 1,396,640 | 1,396,640 |
| 14 | Municipal Attorney | Program operations | 288,706 | - | 5,650 | - | 294,356 |
| 15 | Police | Program operations | 664,059 | - | 68,633 | - | 732,692 |
| 16 | Police | Training modules for Anchorage Police Department | 550,000 | - | - | - | 550,000 |
| 17 | | Subtotal First Responders | \$ 1,502,765 | \$ - | \$ 74,283 | \$ 1,396,640 | \$ 2,973,688 |
| 18 | | | | | | | |
| Homelessness | | | | | | | |
| 20 | Health | Pay for Success/Home for Good - housing program | 1,800,000 | - | - | (1,800,000) | - |
| 21 | Health | Program operations | 672,440 | - | (2,039) | - | 670,401 |
| 22 | Health | Catholic Social Services Complex Care | 1,830,000 | (500,000) | - | 317,000 | 1,647,000 |
| 23 | Health | Christian Health Association | 550,000 | - | - | (55,000) | 495,000 |
| 24 | Health | Brother Francis Shelter | 670,000 | (225,000) | - | 158,000 | 603,000 |
| 25 | Health | Anchorage Coalition to End Homelessness | 700,000 | - | - | (70,000) | 630,000 |
| 26 | Health | Covenant House | 730,000 | (130,000) | - | 57,000 | 657,000 |
| 27 | Health | ECWS Jan-April | 2,000,000 | - | - | (2,000,000) | - |
| 28 | Health | ECWS Non Emergency Transportation | 200,000 | - | - | (200,000) | - |
| 29 | Library | Community Resource Coordination | 364,040 | - | 20,000 | (384,040) | - |
| 30 | Parks & Recreation | Healthy Spaces homeless camp abatement | 658,419 | - | 23,936 | 41,905 | 724,260 |
| 31 | Health | Non-congregate winter | - | - | - | 4,552,288 | 4,552,288 |
| 32 | Assembly | Professional service contracts for housing initiatives | 50,000 | - | - | (50,000) | - |
| 33 | | Subtotal Homelessness | \$ 10,224,899 | \$ (855,000) | \$ 41,897 | \$ 567,153 | \$ 9,978,949 |
| 34 | | | | | | | |
| Mental Health and Substance Misuse | | | | | | | |
| 36 | Health | Direct grant to Volunteers of America | 100,000 | (100,000) | - | - | - |
| 37 | Health | Behavioral Health for mobile case management | 330,000 | - | - | (330,000) | - |
| 38 | Health | Anchorage Safety Center / Community Patrol | 1,145,000 | - | - | (1,145,000) | - |
| 39 | | Subtotal Mental Health and Substance Misuse | \$ 1,575,000 | \$ (100,000) | \$ - | \$ (1,475,000) | \$ - |
| 40 | | | | | | | |
| Administration, Collection, and Audits to the Municipality | | | | | | | |
| 42 | Assembly | Alcohol Tax Program education and outreach | 50,000 | - | - | (50,000) | - |
| 43 | Assembly | Alcohol Tax strategic planning on use in all categories | 250,000 | - | - | (250,000) | - |
| 44 | Finance | Alcohol tax enforcement, including tax collection software costs | 303,611 | - | 9,152 | - | 312,763 |
| 45 | | Subtotal Administration, Collection, and Audits to the Municipality | \$ 603,611 | \$ - | \$ 9,152 | \$ (300,000) | \$ 312,763 |
| 46 | | | | | | | |
| 47 | | Total Alcoholic Beverages Retail Sales Tax Program | \$ 21,045,418 | \$ (955,000) | \$ 128,254 | \$ (5,210,597) | \$ 15,008,075 |
| 48 | | | | | | | |
| 49 | | Alcoholic Beverages Retail Sales Tax Revenues | 16,607,150 | - | (679,000) | - | 15,249,150 |
| 50 | | Alcoholic Beverages Retail Sales Tax Use ("Give Back") of Fund Balance | 4,462,112 | (4,462,112) | - | - | - |
| 51 | | Balance of Alcoholic Beverages Retail Sales Tax Revenues | 23,844 | (3,507,112) | (807,254) | 5,210,597 | 241,075 |
| 52 | | | | | | | |
| 53 | | | | | | | |
| 54 | | | | | | | |
| 55 | | Notes: | | | | | |
| 56 | | 2025 Continuation Changes: adjustments due to updated calculated position and employee labor costs and updated allocation costs (intragovernmental charges - IGCs) based on 2025 Proposed cost pools and current year factors. Revenue forecast to be flat from forecast provided during the 2025 Proposed budget process. <u>Health</u> - | | | | | |
| 57 | | Reverse ONE-TIME 2024 1Q Assembly Amendment #3, Line 1: Increase to Catholic Social Services Complex Care - unified funding proposal (\$500,000). <u>Health</u> - | | | | | |
| 58 | | Reverse ONE-TIME - 2024 1Q Assembly Amendment #3, Line 2: Increase to Brother Francis Shelter - unified funding proposal (\$225,000). <u>Health</u> - Reverse ONE- | | | | | |
| 59 | | TIME - 2024 1Q Assembly Amendment #3, Line 3 (Mayor Vetoes, Veto Overrides): Increase to Covenant House - unified funding proposal (\$130,000). <u>Health</u> - Reverse | | | | | |
| 60 | | ONE-TIME - 2024 1Q Assembly Amendment #4, Line 2: Volunteers of America Adolescent Residential Center for Help funded with reduction in Mobile Case | | | | | |
| 61 | | Management Grants (\$100,000). | | | | | |
| 62 | | | | | | | |
| 63 | | 2025 Proposed Changes: Increases: <u>Fire</u> - Mobile Crisis Team 24/7 Operations \$1,396,640, <u>Health</u> - Catholic Social Services Complex Care \$317,000, <u>Health</u> - Brother | | | | | |
| 64 | | Francis Shelter \$158,000, <u>Health</u> - Covenant House \$57,000, <u>Health</u> - Non-congregate shelter winter \$4,552,288, <u>Parks & Recreation</u> - Healthy spaces homeless camp | | | | | |
| 65 | | \$41,905. | | | | | |
| 66 | | Reducing: <u>Assembly</u> - Professional service contracts for housing initiatives (\$50,000), <u>Assembly</u> - Alcohol Tax Program education and outreach (\$50,000), <u>Assembly</u> - | | | | | |
| 67 | | Alcohol Tax strategic planning on use in all categories (\$250,000), <u>Health</u> - Early education grants to providers (\$2,282,127), <u>Health</u> - Emergency cold weather shelter | | | | | |
| 68 | | Jan-April \$2,000,000, <u>Health</u> - Evidence-based grants to providers (\$1,000,000), <u>Health</u> - Anchorage Childrens' Trust (\$1,750,000), <u>Health</u> - Pay for Success/Home for | | | | | |
| 69 | | Good - housing program (\$1,800,000), <u>Health</u> - Christian Health Association (\$55,000), <u>Health</u> - Anchorage Coalition to End Homelessness (\$70,000), <u>Health</u> - | | | | | |
| 70 | | Anchorage Safety Center / Community Patrol (\$1,145,000), <u>Health</u> - Emergency cold weather shelter Jan-April Non Emergency Transportation (\$200,000), <u>Health</u> - | | | | | |
| 71 | | Community Resource Coordination (\$384,040), <u>Health</u> - Behavioral Health for mobile case management (\$330,000), <u>Library</u> - Early Literacy program operations | | | | | |
| 72 | | (\$117,263), <u>Library</u> - Best Beginnings (\$250,000). | | | | | |

Appendix R - 2

Marijuana Retail Sales Tax Program

Purpose

All marijuana tax revenue collected by the Municipality of Anchorage is to be dedicated to the Anchorage Child Care & Early Education Fund (ACCEE Fund), and shall be available to use for:

- Childcare or early education provider training, professional development, staffing, or livable wages
- Creating access to childcare and early education programs
- Supporting reading programs
- Funding facilities

Description

Proposition 14 submitted to the qualified voters of the Municipality of Anchorage at the regular municipal election on April 4, 2023, passed 55.92% to 44.08%. Proposition 14 amends the Anchorage Municipal Charter by adding a new Section to Article VI 6.06, dedicating retail marijuana sales tax net proceeds and creating the Accountability Board of Child Care and Early Education. The assembly is authorized by Section 14.06 to levy five percent (5%) tax on the sales price of marijuana and marijuana products until June 30, 2028, when that amount can be increased to up to ten percent (10%).

Proposition 14 also established a Child Care and Early Education Board to advise the Anchorage Mayor and Assembly on use of the funds. In July 2024, the Assembly codified the Board's terms, composition, operations, and responsibilities in AO 2024-061 (S-1). The Board consists of nine members, all of which are appointed by the mayor and must be confirmed by the Assembly.

At least 120 days before the end of the fiscal year of the municipality, pursuant to Proposition 14, the board shall submit to the mayor and assembly an annual ACCEE Fund budget.

Marijuana Retail Sales Tax Program Reconciliation from 2024 Revised Budget to 2025 Proposed Budget

| | Function Costs | Positions | | |
|---|------------------|-----------|----|--------|
| | | FT | PT | Seas/T |
| 2024 Revised Budget | - | - | - | - |
| 2025 Continuation Level | | | | |
| 2025 Proposed Budget Changes | | | | |
| - <u>Finance</u> - Tax Collection System | 580,000 | - | - | - |
| - <u>Health</u> - Early Educator Child Care Subsidies | 2,000,000 | - | - | - |
| - <u>Health</u> - Operational Grants - for existing licensed child care and early education entities to support key operational costs. | 2,400,000 | - | - | - |
| - <u>Health</u> - Pilot Projects - Targeted funding that drives innovation and is intended to inspire confidence and further investment in the sector | 2,000,000 | - | - | - |
| - <u>Health</u> - Capital Grants - Capital funding to support existing facilities for minor repairs. | 500,000 | - | - | - |
| - <u>Health</u> - In-Home Facility Start-Up Funds - Funding for new, not yet existing in-home care facilities. | 200,000 | - | - | - |
| - <u>Health</u> - Eklutna after school program | 25,000 | - | - | - |
| - <u>Health</u> - Board Administration - Funding set aside for Board administration, including but not limited to the cost of staff, contractors, data collection, studies, research, and/or any required audits. | 535,000 | - | - | - |
| - <u>Library</u> - Early Literacy program operations | 114,341 | - | - | - |
| - <u>Library</u> - Best Beginnings | 250,000 | - | - | - |
| 2025 Proposed Budget | 8,604,341 | - | - | - |

2025 Proposed Marijuana Tax Reconciliation by Program

| Line | Department/ Agency | Category and Description | (1) Time / Recurring | 2024 Revised | Continuation | Proposed Changes | 2025 Proposed Budget |
|-------------------|--|---|-------------------------|-----------------|--------------|---------------------|----------------------------|
| Child Care | | | | | | | |
| 1 | Health | <u>Early Educator Child Care Subsidies</u> - Subsidies to pay for early educators' children's child care or early education costs. These subsidies are meant to cover the gap between the average cost of care and State of Alaska child care assistance funding. | R | - | - | 2,000,000 | 2,000,000 |
| 2 | Health | <u>Operational Grants</u> - for existing licensed child care and early education entities to support key operational costs. | R | - | - | 2,400,000 | 2,400,000 |
| 3 | Health | <u>Pilot Projects</u> - Targeted funding that drives innovation and is intended to inspire confidence and further investment in the sector, ultimately increasing overall wages and supporting a more sustainable sector. | 1 | - | - | 2,000,000 | 2,000,000 |
| 4 | Health | <u>Capital Grants</u> - Capital funding to support existing facilities, except in rare cases. Funding should be for small scale, minor improvements. | 1 | - | - | 500,000 | 500,000 |
| 5 | Health | <u>In-Home Facility Start-Up Funds</u> - Funding for new, not yet existing in-home care facilities. | 1 | - | - | 200,000 | 200,000 |
| 6 | Health | Eklutna after school program | 1 | - | - | 25,000 | 25,000 |
| 7 | Library | Early Literacy program operations | 1 | - | - | 114,341 | 114,341 |
| 8 | Library | Best Beginnings | 1 | - | - | 250,000 | 250,000 |
| 9 | Subtotal Child Care | | | \$ - | \$ - | \$ 7,489,341 | \$ 7,489,341 |
| 10 | Administration & Collection | | | | | | |
| 11 | Health | <u>Board Administration</u> - Funding set aside for Board administration, including but not limited to the cost of staff, contractors, data collection, studies, research, and/or any required audits. | R | - | - | 535,000 | 535,000 |
| 12 | Finance | <u>Tax Collection</u> - cost of Municipal tax collection. | 1 | - | - | 580,000 | 580,000 |
| 13 | Subtotal Administration & Collection | | | \$ - | \$ - | \$ 1,115,000 | \$ 1,115,000 |
| 14 | Total Marijuana Retail Sales Tax Program | | | \$ - | \$ - | \$ 8,604,341 | \$ 8,604,341 |
| 16 | | | | | | | |
| 17 | <u>Marijuana Retail Sales Tax Revenues</u> | | | - | - | 5,900,000 | 5,900,000 |
| 18 | <u>Marijuana Retail Sales Tax Use ("Give Back") of Fund Balance</u> | | | - | - | 5,700,000 | 5,700,000 |
| 19 | <u>Balance of Marijuana Retail Sales Tax Revenues</u> | | | - | - | 2,995,659 | 2,995,659 |
| 20 | Notes: | | | | | | |
| 21 | <u>2025 Proposed Changes:</u> The proposed Marijuana Tax programs will be funded with marijuana taxes collected in the budget year and fund balance from marijuana taxes | | | | | | |
| 22 | collected in prior years. | | | | | | |