

Submitted by: Chair of the Assembly at
the Request of the Mayor
Prepared by: Chief Administrative
Officer
For reading: November 18, 2025

ANCHORAGE, ALASKA
AO No. 2025-133

1 **AN ORDINANCE OF THE ANCHORAGE ASSEMBLY SUBMITTING TO THE**
2 **QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE A BALLOT**
3 **PROPOSITION AMENDING THE HOME RULE CHARTER TO AUTHORIZE A**
4 **3% SALES AND USE TAX: 1% FOR PROPERTY-TAX RELIEF; 1% FOR PUBLIC**
5 **SAFETY AND INFRASTRUCTURE; AND 1% FOR CHILDCARE AND HOUSING;**
6 **AND AUTHORIZING BORROWING FROM THE MOA TRUST FUND CORPUS TO**
7 **FINANCE START-UP COSTS.**

8
9 **WHEREAS**, fifty years ago, the Municipality of Anchorage was formed when the
10 residents of the City of Anchorage and the residents of the Greater Anchorage
11 Area Borough, which included the communities of Eagle River, Girdwood and Glen
12 Alps, voted to unite by ratifying the Anchorage Home Rule Charter;

13
14 **WHEREAS**, since unification, the Municipality has funded its general government
15 operations and capital needs primarily through local property taxes and support
16 from the State of Alaska and the federal government;

17
18 **WHEREAS**, revenue formerly received from the State of Alaska has declined
19 significantly, increasing our reliance on property taxes;

20
21 **WHEREAS**, in 1984, the State of Alaska provided almost 30% of the Municipality's
22 operating budget; for 2026, State funds are projected to be less than 1%;

23
24 **WHEREAS**, from 2005 to 2014, the average annual capital support from the State
25 to the Municipality was \$85.6 million, largely for road and drainage projects; in
26 2025, the Municipality received no state capital funds;

27
28 **WHEREAS**, the State of Alaska has withdrawn some services it once provided
29 within the Municipality, such as highway patrol by State Troopers, leading to cost
30 shifts to the municipal budget;

31
32 **WHEREAS**, many of these municipal facilities such as the Alaska Center for the
33 Performing Arts, recreation centers, swimming pools, ice rinks, and libraries were
34 built without adequate budgeting for their long-term maintenance, leaving them in
35 need of critical life, health, and safety upgrades;

36
37 **WHEREAS**, public safety via the Police and Fire departments together account for
38 nearly half of the Municipal operating budget, and would be subject to cuts in the
39 event of a budget shortfall, which is likely in the next two years;

40

1 **WHEREAS**, cuts to public safety could result in reductions in the number of police
2 officers and firefighters, increased response times, and closures of fire stations—
3 all of which would leave our community less safe;

4
5 **WHEREAS**, Anchorage has about 380 sworn police officers, while national
6 benchmarks indicate a municipality of our population and size should have as
7 many as 650, leaving a significant community safety gap;

8
9 **WHEREAS**, in AR 2025-159 the Anchorage Assembly adopted the Anchorage
10 Economic Development Framework, calling for a “Stackable Return on Investment
11 Model,” whereby every public investment should yield multiple, reinforcing
12 benefits;

13
14 **WHEREAS**, Anchorage is experiencing ongoing challenges related to the
15 affordability and availability of quality housing options, affecting both residents and
16 the ability of businesses to encourage future employees to relocate to the
17 Municipality;

18
19 **WHEREAS**, from 2020 to 2025, median rent increased by 35% and the cost of a
20 single-family home increased by 45% amid low inventories, worsening the
21 problems of out-migration and ballooning living costs;

22
23 **WHEREAS**, Municipal Code Abatement maintains a registry of nearly 200 vacant
24 and abandoned properties, including many dilapidated structures that contribute to
25 criminal activity, which could be redeveloped into safe housing units;

26
27 **WHEREAS**, the number of licensed childcare facilities in the municipality has
28 decreased since 2019 by 25% (resulting in 19% fewer total licensed slots),
29 creating significant workforce challenges and negatively impacting Anchorage’s
30 economic growth;

31
32 **WHEREAS**, following the implementation of two years of universal preschool in
33 Washington, D.C., maternal labor force participation increased by approximately
34 12 percentage points with gains observed across income levels;

35
36 **WHEREAS**, the Anchorage School District has closed elementary schools due to
37 declining enrollment, and could partner with the Municipality to keep more
38 neighborhood schools open by repurposing classrooms for pre-k and child care;

39
40 **WHEREAS**, voters approved Proposition 14 in 2023 to dedicate the cannabis tax
41 revenues to advance childcare and pre-k in the Municipality, which has provided
42 critical stabilizing funds to the childcare sector, but has proven to be insufficient to
43 reverse the childcare crisis;

44
45 **WHEREAS**, only 20% of the alcohol tax proceeds fund Municipal operations; the
46 remaining funds go to community organizations to fill gaps resulting from declining

1 State support;

2
3 **WHEREAS**, to reduce the regressive effect of a general retail sales tax, exemptions
4 are provided for housing, utilities, most groceries, child care, medicine and medical
5 services, motor fuels, sales for resale and manufacturing components, sales to
6 nonprofit organizations, and others;

7
8 **WHEREAS**, voting on this proposed sales tax would give residents the option to
9 choose a diversified revenue structure to fund property tax relief, critical public
10 safety and infrastructure needs, and investment in economic growth through
11 housing and childcare;

12
13 **WHEREAS**, a substantial portion—estimated at more than one-third—of a sales tax
14 would be paid-for by non-residents;

15
16 **WHEREAS**, a sales tax is not new to Alaska, with sales taxes implemented in
17 Juneau, Kenai, Homer, Ketchikan, Kodiak, Palmer, Seward, Soldotna, Wasilla and
18 other jurisdictions;

19
20 **WHEREAS**, bipartisan state leaders continue to discuss enacting a statewide sales
21 tax, which would rely heavily on revenues from Anchorage residents; the proceeds
22 of which would not necessarily come back to address the infrastructure and public
23 safety needs of our community;

24
25 **WHEREAS**, compared to the largest city in each state and Washington, DC, the
26 Municipality of Anchorage's total tax burden has been ranked at 51 out of 51 for
27 families earning \$50,000 or more per year;

28
29 **WHEREAS**, while notwithstanding its comparatively low overall tax burden,
30 Anchorage's property taxes are disproportionately high; now, therefore,

31
32 **THE ANCHORAGE ASSEMBLY ORDAINS:**

33
34 **Section 1.** Pursuant to state law and the Anchorage Municipal Charter, a ballot
35 proposition in substantially the following form shall be placed on the ballot and
36 submitted to the qualified voters of the Municipality at the next regular municipal
37 election to be held on April 7, 2026:

38
39 **PROPOSITION NO. _____**

40
41 **PROPERTY-TAX REDUCTION AND**
42 **ECONOMIC-REVITALIZATION MEASURE:**
43 **CHARTER AMENDMENT AND VOTER APPROVAL TO**
44 **AUTHORIZE**
45 **A 3% SALES AND USE TAX:**
46 **1% FOR PROPERTY-TAX REDUCTION**

**1% FOR PUBLIC SAFETY AND INFRASTRUCTURE, AND
1% FOR CHILDCARE AND HOUSING**

This proposed Charter Amendment would authorize a three-percent (3%) sales and use tax on the sale of goods and services within the Municipality of Anchorage, with exemptions for (1) housing, (2) medicine and medical services, (3) certain groceries and personal hygiene products, (4) gasoline and diesel fuel, (5) certain personal services, including childcare, (6) utilities, (7) sales for resale and manufacturing components, (8) certain sales to non-profit organizations; and (9) others provided by ordinance.

It is estimated that approximately one-third of the revenues raised by the tax would be paid by non-residents.

Property-Tax Reduction. One third of the net proceeds of the tax shall be used to offset property taxes. This is estimated to reduce the overall property tax burden by not less than \$53.5 million, or approximately \$105 for each \$100,000 of taxable assessed property value.

Public Safety and Infrastructure. One third of the net proceeds of the tax shall be used to fund public safety and infrastructure projects.

Childcare and Housing. One third of the net proceeds of the tax shall be used to expand the availability of quality, affordable childcare and for housing.

The tax authorized by this proposition shall be first levied no earlier than July 1, 2028 and no later than July 1, 2029, the actual date of levy to be determined by the Assembly. Property taxes would be stepped down after the first calendar year the sales tax is levied.

This proposition also authorizes, but does not require, use of the Municipal Trust Fund corpus, in accordance with Charter § 13.11(b)(1), to finance or secure financing to cover reasonably incurred administrative costs essential to prepare the Municipality for sales tax administration and collection. The terms and conditions shall be determined by the Chief Fiscal Officer and require Assembly approval by ordinance. Any resulting debt will be repaid from sales tax revenues, categorized as administrative costs.

This proposition would amend Anchorage Municipal Charter to add new Section 14.08 as follows:

Section 14.08. Sales and Use Tax for Property Tax

**Reduction; Public Safety and
Infrastructure; Housing and
Childcare.**

- (a) *Authorization.* The assembly is hereby authorized to levy, to the extent provided by law, a three percent (3%) tax on the sale and use of goods and services within the municipality, with exemptions as provided by law. 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) *Uses.* The proceeds of the 3% tax authorized by this section in one fiscal year, after payment of the costs of administration, collection and audit to the municipality, are to be used as follows:
- (1) One-third in place of property taxes. The net proceeds of one-third of the tax authorized by this section in one fiscal year are to be used in place of property taxes in the following year for any public purpose.
 - (2) One-third for public safety and infrastructure expenditures, including deferred maintenance and new capital investment.
 - (3) One-third for childcare and housing. In the first three years after funds are collected pursuant to this section, the municipality shall capitalize a housing fund of not less than \$50 million, and not less than half of the funds collected pursuant to this subsection shall be for childcare and early education. Thereafter, ten percent of the net revenues governed by this subsection shall be for housing, and ninety percent shall be to improve access to childcare and early education programs, including any § 6.06(a) purpose. The accountability board of child care and early education established by § 6.06(b) shall advise the assembly and administration on the use of sales tax proceeds for childcare pursuant to this subsection, which the administration shall administer; provided: no more than one percent

1 of the funds received under section this
2 subsection (b)(3) each year may be spent on the
3 board's administrative costs.
4

5 (c) *"Tax cap" treatment; end-of-year treatment.* To
6 implement the property-tax reduction described in
7 section (b)(1) and account for taxes referenced in
8 (b)(2) and (b)(3):

9 (i) For the calendar year that begins following the
10 initial levy of the tax, the "total amount of the
11 municipal tax that can be levied during [the]
12 fiscal year" referenced in Charter § 14.03 *Tax*
13 *increase limitation* shall be reduced by an
14 amount equal to the net receipts of the one
15 percent (1%) tax collected pursuant to
16 subsection (b)(1) in the year said tax is first
17 levied.

18 (ii) For the second calendar year that begins after
19 the initial levy of the tax, and continuing
20 thereafter, "the total amount approved by the
21 assembly for the preceding year" referenced in
22 Charter Section 14.03 *Tax increase limitation*
23 shall include the net receipts of the one percent
24 (1%) tax collected pursuant to subsection (b)(1)
25 the year prior to the year for which the increase
26 limitation is calculated; and the resulting "total
27 amount of the municipal tax that can be levied
28 during [the] fiscal year" shall be adjusted by the
29 same amount.

30 (iii) Taxes described in subsections (b)(2) and (b)(3)
31 shall be exempt from the limitation in § 14.03(a).

32 (iv) To the extent that the net revenues collected
33 pursuant to subsections (b)(2) or (b)(3) exceed
34 authorized expenditures in any calendar year,
35 excess funds may be appropriated in a future
36 year for any subsection (b)(2) or (b)(3) purpose.
37

38 (d) *Timing.* The taxes authorized by this section shall first
39 be levied no earlier than July 1, 2028 and no later than
40 July 1, 2029, as determined by ordinance.
41

42 (e) *Existing Taxes.* Sales subject to the taxes levied by
43 Charter §§ 14.06 (marijuana and marijuana products)
44 and 14.07 (alcoholic beverages) are exempt from the
45 taxes levied under this section.

- 1
2 (f) *Implementation and exemptions.* The assembly shall
3 enact such additional provisions, not inconsistent with
4 this section, as necessary or desirable to implement
5 this section. Among those provisions shall be
6 exemptions from the sales tax for: (1) housing,
7 (2) medicine and medical services, (3) certain
8 groceries and personal hygiene products, (4) gasoline
9 and diesel fuel, (5) certain personal services,
10 including childcare, (6) utilities, (7) sales for resale
11 and manufacturing components; and (8) sales to non-
12 profit organizations.
13

14 This proposition would further amend Anchorage Municipal Charter,
15 Article II (4), Charter §14.01(b), and Charter § 14.03 as follows
16 [underlined and bolded words] are proposed new words; ~~strikeouts in~~
17 ~~bold and brackets~~ are proposed deletions]:
18

19 **ARTICLE II BILL OF RIGHTS**
20

21 This Charter guarantees rights to the people of Anchorage
22 that are in addition to rights guaranteed by the Constitution of
23 the United States of America and the Constitution of the State
24 of Alaska. Among rights guaranteed by this Charter are:
25

- 26 *** *** ***
27 (4) The right of immunity from sales taxes, except upon
28 approval by three-fifths ($\frac{3}{5}$) of the qualified voters
29 voting on the question except the taxes imposed by
30 Charter Section 14.05, ~~[and]~~ Section 14.07, and
31 Section 14.08 shall be effective if approved by a
32 majority (50 percent + one) of the qualified voters
33 voting on the question.
34

35 *** *** ***
36

37 **Section 14.01 Taxing Authority**
38

- 39 *** *** ***
40 (b) The right of immunity from sales taxes, except upon
41 approval by three-fifths ($\frac{3}{5}$) of the qualified voters
42 voting on the question except the taxes, imposed by
43 Charter Section 14.05, ~~[and]~~ Section 14.07, and
44 Section 14.08 shall be effective if approved by a
45 majority (50 percent + one) of the qualified voters
46 voting on the question.

1
2 Shall the Charter be amended and voter approval be given,
3 as shown above, to authorize a 3% sales and use tax—1%
4 for property-tax reduction; 1% for public safety and
5 infrastructure; and 1% for housing and childcare?

6
7 YES

8 NO

9 **Section 2.** The full text of Section 1 shall be published conspicuously on the
10 Municipality's web pages, including the elections web pages, no later than the day
11 ballot packages are first mailed to voters pursuant to Title 28, and made available
12 at every accessible vote center and the Election Center on special election day, and
13 at any location established for early voting prior to election day at all times when
14 such location is open for marking and casting ballots.

15
16 **Section 3.** The Charter amendments and voter approvals set forth in the
17 proposition in Section 1 shall become effective, if and only if, said proposition is
18 approved by a majority of the qualified voters of the Municipality voting on the
19 proposition during the special Anchorage Municipal election held on September 2,
20 2025. The remainder of this ordinance shall be effective upon passage and
21 approval.

22
23 PASSED AND APPROVED by the Anchorage Assembly this ___ day of _____, 2025.
24
25
26

27 _____
28 Chair

29 ATTEST:
30
31
32

33 _____
Municipal Clerk