

ANCHORAGE, ALASKA
AO No. 2016-___159

1 AN ORDINANCE CALLING A SPECIAL ELECTION FOR THE PURPOSE OF
2 PROPOSING SUBMITTING A TAX REVENUE DIVERSIFICATION MEASURE TO
3 AMEND THE ANCHORAGE MUNICIPAL CHARTER ARTICLE XIV AND ADD
4 NEW ANCHORAGE MUNICIPAL CODE CHAPTER 12.55 TO DIVERSIFY THE
5 MUNICIPALITY'S TAX REVENUE SOURCES BY ENACTING A SALES AND
6 USE TAX ON THE SALE OF GOODS AND SERVICES WITHIN THE
7 MUNICIPALITY FOR THE PURPOSES OF REDUCING PROPERTY TAXES
8 PROPORTIONATELY THROUGHOUT THE MUNICIPALITY AND DEDICATING
9 ADDITIONAL FUNDS TO AREAWIDE PUBLIC HEALTH AND SAFETY, WITH
10 CERTAIN EXEMPTIONS, A MAXIMUM TAX AMOUNT PER ITEM OR SERVICE
11 CONTRACT, AND REIMBURSEMENT FOR COLLECTION, ALL WITHIN THE
12 "TAX CAP" CALCULATION, EXCLUDING COSTS OF START-UP,
13 ADMINISTRATION AND COLLECTION AS PERMITTED BY CHARTER
14 SECTION 14.03(b)(2), AMENDING AMC SECTION 12.15.015 TO RAISE THE
15 RESIDENTIAL REAL PROPERTY TAX EXEMPTION, AMENDING AMC
16 CHAPTER 12.25 REGARDING THE TAX INCREASE LIMITATION, SUBMITTING
17 THE QUESTION OF WHETHER OR NOT TO APPROVE THIS TAX REVENUE
18 DIVERSIFICATION MEASURE TO THE QUALIFIED VOTERS OF THE
19 MUNICIPALITY, AND PROVIDING FOR TRANSITION PROCEDURES AND
20 EFFECTIVE DATES.

21
22
23 WHEREAS, the majority of Anchorage's revenues come from property taxes and
24 payments in lieu of property taxes;

25
26 WHEREAS, approximately 20% of a broad-based sales tax adopted in the
27 Municipality would be paid by tourists and other non-residents of Anchorage;

28
29 WHEREAS, in response to fiscal difficulties, the State of Alaska is pushing
30 additional costs and responsibilities onto the Municipality;

31
32 WHEREAS, the State of Alaska, through the Alaska State Troopers, has indicated
33 that it will no longer 24/7 patrols to the Seward Highway, despite the fact that the
34 highway is a state-designated traffic safety corridor, used by a significant number of
35 individuals who do not reside in Anchorage;

36
37 WHEREAS, in the absence of Municipal action, it appears that the highway may be
38 unpoliced for substantial periods of time;

39
40 WHEREAS, it is not appropriate that the taxpayers of Anchorage be required to
41 shoulder the entire burden of policing the highway;
42

1 subsection A., for the privilege of use within the municipality, is hereby
 2 levied on the person using the following goods acquired on or after
 3 July 1, 2018:
 4

- 5 1. Goods manufactured in the municipality, only if the person
 6 manufacturing the good is not engaged in the business of
 7 manufacturing for resale to an end user; or
 8
- 9 2. Goods acquired outside of the municipality and primarily used
 10 within the municipality, if the acquisition is the result of a
 11 transaction subject to the sales tax if it had occurred in the
 12 municipality.
 13
- 14 3. The first one-thousand dollars (\$1,000) of goods manufactured
 15 in the municipality or goods acquired outside of the municipality
 16 and primarily used within the municipality, as described in
 17 subparagraphs 1 and 2 above, are exempted from the use tax
 18 on an annual basis.
 19

20 C. *Credit for taxes previously paid.* The use tax levied under this section
 21 shall be adjusted in accordance with AS 29.45.650(c) if the person
 22 subject to the use tax provides proof, in the form required by the
 23 department, the person previously paid a sales tax imposed by any
 24 jurisdiction on the goods.
 25

26 D. To the fullest extent permitted under the law and constitutions of the
 27 United States and the State of Alaska, and under the Charter, a person
 28 who has nexus within the state and whose sales are not subject to the
 29 sales taxes shall collect the use tax from the purchaser and pay the
 30 tax collected to the municipality.
 31

32 **12.55.020 Purpose and Mechanics.**

33
 34 ~~*Property Tax Relief.*~~—The purpose of this chapter is to provide property tax
 35 relief to the property owners of the municipality, and to provide a mechanism
 36 for non-residents of Anchorage to contribute to essential services provided
 37 by the Municipality, as follows:
 38

39 A. *Property Tax Relief.*—The Eighty-five percent (85%) of the net receipts
 40 from the sales and use tax, after payment of the costs of administration,
 41 collection and audit to the municipality, shall be applied to reduce property
 42 taxes equally and uniformly throughout the municipality so the benefits of the
 43 reduction in property taxes are shared throughout the municipality.
 44

45 B. *Contribution to Areawide Public Health and Safety.* Fifteen percent
 46 (15%) of the net receipts from the sales and use tax, after payment of the

1
2 **Chief Fiscal Officer** shall mean the chief fiscal officer of the
3 municipality, or designee.
4

5 ~~**Coins** shall mean monetized bullion or other forms of money~~
6 ~~manufactured from gold, silver, platinum, palladium, or other such~~
7 ~~metals now, in the future, or heretofore designated as a medium of~~
8 ~~exchange under the laws of this state, the United States, or any foreign~~
9 ~~nation.~~

10
11 **Counseling Services** shall mean all services provided to an
12 individual taxpayer by a psychologist or psychological associate,
13 psychiatrist, clinical social worker, substance abuse counselor, or a
14 marital and/or family therapist, licensed or certified to provide such
15 services by the state of Alaska.
16

17 **Department** shall mean the finance department of the municipality.
18

19 **Delivery charges** shall be as defined in the Streamlined Sales and
20 Use Tax Agreement, as it currently exists or may be amended in the
21 future.
22

23 **Exemption** shall mean a buyer or seller is exempt under a provision
24 of this chapter, or the sale itself is exempt under a provision of this
25 chapter.
26

27 **Financial service transactions** for purpose of this chapter are limited
28 to: deposit account services, loan transaction fees, transactions
29 relating to the sale or exchange of currency or securities, transactions
30 for conversion of negotiable instruments, safe deposit services,
31 escrow collection services, late fees, overdraft fees, and interest
32 charged on past due accounts.
33

34 **Food and food ingredients** shall be as defined in the Streamlined
35 Sales and Use Tax Agreement, as it currently exists or may be
36 amended in the future; in the absence of a definition provided by the
37 Streamlined Sales and Use Tax Agreement, "food and food
38 ingredients" shall mean substances, whether in liquid, concentrated,
39 solid, frozen, dried, or dehydrated form, that are sold for ingestion or
40 chewing by humans and are consumed for their taste or nutritional
41 value. "Food and food ingredients" does not include alcoholic
42 beverages or tobacco.
43

44 ~~mean goods that may be lawfully purchased with food stamp program~~
45 ~~benefits issued under 7 U.S.C. 2011—2025 (Food Stamp Act,~~
46 ~~Supplemental Nutrition Assistance Program) or purchased with food~~

1 napkins, or straws. A plate does not include a container
2 or packaging used to transport the food.

3 “Prepared food” in b. does not include food that is only cut,
4 repackaged, or pasteurized by the seller, and eggs, fish, meat, poultry,
5 and foods containing these raw animal foods requiring cooking by the
6 consumer as recommended by the Food and Drug Administration in
7 chapter 3, part 401.11 of its Food Code so as to prevent food borne
8 illnesses.

9
10 **Prescription medicine or medical goods** shall mean all medicine
11 and any medical goods prescribed by a physician or psychiatrist
12 licensed to practice medicine in the United States. “Prescription
13 medicine or medical goods” shall include any item defined as a “drug,”
14 “mobility enhancing equipment,” or a “prosthetic device” by the
15 Streamlined Sales and Use Tax Agreement, as it currently exists or
16 may be amended in the future, if acquired with a prescription.

17
18 ***Purchaser*** shall mean a person to whom a sale is made.

19
20 ***Real Property*** shall mean land, whether subdivided or not, all
21 buildings, structures, improvements and fixtures of any kind thereon,
22 and all possessory rights and privileges belonging and pertaining
23 thereto.

24
25 ***Resale*** shall mean the sale of goods by a seller of raw materials, or
26 wholesaler, either consumed in the manufacturing process or which
27 become a component part of a product manufactured for sale; a sale
28 of goods sold to a licensed general or specialty building contractor
29 when the goods sold becomes permanently affixed to the residence
30 or commercial structure being constructed by the licensed contractor;
31 or a sale of goods by a manufacturer, or wholesaler, to a retail vendor.

32
33 ~~***Services*** shall mean all services of every manner and description~~
34 ~~performed or furnished for compensation within the municipality as~~
35 ~~required to install, construct, repair or complete specified results or~~
36 ~~end products and professional services, services in which a product~~
37 ~~or sale of property may be involved, repair, transportation, advertising,~~
38 ~~recreation, amusement, craftsmen's services, and services wherein~~
39 ~~labor and materials are provided to accomplish a specific result.~~

40
41 ***Seller*** shall mean every person, whether acting as principal, agent or
42 employee, who makes a sale subject to this tax.

43
44 ***Selling price*** shall have the meaning defined for “sales price” in the
45 Streamlined Sales and Use Tax Agreement, as it currently exists or
46 may be amended in the future; in the absence of a definition provided

1 **12.55.040 Non-taxable sales and exemptions.**
2

3 A. The following sales are not taxable under this chapter:
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- 5 1. Sales to or uses by an agency of the United States government,
6 an instrumentality of the State of Alaska as that term is defined
7 in AS 39.52.960, a municipality or school district, including the
8 Anchorage School District, or other entity not taxable as a result
9 of federal or state law. ~~-a Native entity or tribe included on the~~
10 ~~federal list published under 25 U.S.C. 5131.~~
11
12 2. Sales to or uses by foreign diplomats under the Foreign
13 Missions Act (22 U.S.C. 4301 *et seq.*).
14
15 3. Sales to or uses by the Alaska Life and Health Insurance
16 Guaranty Association, under AS 21.79.130.
17
18 4. Sales or use of goods related to an orbital space facility,
19 pursuant to AS 29.45.650(h).
20
21 6. Other sales or uses the municipality is prohibited from taxing
22 under the federal or state Constitutions or laws of the United
23 States or the State of Alaska.
24

25 B. The municipality hereby declares the following exemptions and
26 limitations to the tax imposed by this chapter:
27

- 28 1. Sales of food and food ingredients, other than sales of prepared
29 food.
30
31 2. Sale of prescription medicine or medical goods prescribed by a
32 physician, psychiatrist or other person licensed in the United
33 States to lawfully authorize such prescription.
34
35 3. The provision of medical services or counseling services.
36
37 4. The provision of legal services.
38
39 5. Education services provided by government schools and
40 programs, non-profit institutions and religious organizations.
41
42 6. The tax shall not exceed \$5200.00 on the purchase or use of
43 any single item or good.
44
45 7. The tax shall not exceed \$5200.00 on the entire purchase of
46 ~~multiple items and goods when purchased as part of one~~

1 hotel overnight accommodation taxes, tobacco taxes and motor
2 vehicles rental taxes.

3
4 ~~19.17.~~ The sale of marijuana and marijuana products.

5
6 ~~20.18.~~ The sale of coins and precious metal bullion.

7
8 C. The following sales are not taxable, provided the seller is in
9 possession of a valid certificate of exemption:

10
11 1. Sales by a charitable organization, or a private or parochial
12 school, provided the sale of goods is incidental and all of the
13 proceeds of the sale go to the organization and its mission.

14
15 2. The sale of goods not sold to the end user of the goods

16
17 D. The application of the exemptions provided for in subsections A-C of
18 this section to specific goods and services shall be determined by the
19 Department.

20
21 E. The Assembly by majority vote may alter or modify a determination of
22 the Department concerning the application of any exemption provided
23 for in subsection A-C of this section to any specific goods or services.

24
25 F. Any additions or deletions of any exemption provided for in
26 subsections A-C of this section must be by ordinance approved by a
27 majority vote of the Assembly.

28
29 **12.55.050 Obligation for payment of tax; disposition of excess**
30 **collections; liability for uncollected taxes.**

31
32 A. The purchaser is obligated to pay sales and use tax under this chapter
33 and it shall be collected by the seller at the time of the sale transaction
34 or acquisition. The tax rate is applied to the selling price.

35
36 1. If a purchaser produces a certificate of exemption issued by the
37 municipality pursuant to section 12.55.140 at the time of the
38 sale transaction, the seller shall not collect the tax. The seller
39 shall retain verification of the exempt status of the transaction
40 in its records. If no verification is retained, the seller is liable for
41 the uncollected taxes.

42
43 2. If the purchaser does not produce an exemption certificate
44 issued by the municipality, but the transaction is in fact exempt
45 under federal, state, local or other law, the seller is not liable for
46 the uncollected tax, provided verification of the purchaser's

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- A. To prevent evasion of the sales and use tax and to aid in its administration, it is presumed:
1. All sales of goods or services by a person engaging in business in the municipality are subject to the tax, unless exempt by this chapter; and
 2. All goods or services purchased or sold by any person for delivery into the municipality are purchased or sold for a taxable use in the municipality.
- B. For purposes of this section, the sales price or value of property, goods or services shall be determined as of the time of acquisition, introduction into the municipality, or conversion to use, whichever is latest.
- C. If the department has reasonable cause to believe a seller structured a transaction to avoid collecting or remitting the tax levied under this chapter, there is a rebuttable presumption that the substance of the transaction is a taxable sale under this chapter.

12.55.070 Certificate of registration.

- A. *Required display.* Except as otherwise provided in this chapter, every seller operating within the municipality shall obtain a certificate of registration from the department. The seller shall obtain a certificate of registration prior to conducting business in the municipality and shall prominently display the certificate at the registered place of business.
1. A business with multiple sales locations may obtain one certificate of registration, provided the application lists every place of business located within the municipality. Each location shall prominently display a copy of the certificate of registration, except:
 - a. A vending machine seller is not required to display the certificate or to list each vending machine location.
 - b. The department may direct a seller with multiple or mobile locations to display or make available the certificate in a reasonable location and manner.
- B. *Application.* Each seller shall apply for a certificate of registration on a form or in a format prescribed by the department containing

1 shall not issue the certificate of registration until receipt of valid
2 security is confirmed.

3
4 G. The department may refuse to issue a certificate of registration if there
5 is reasonable cause to believe the applicant:

6
7 1. structured its business or sales transactions to avoid payment
8 of delinquent taxes, penalties, interest, or costs due under this
9 chapter;

10
11 2. Willfully withheld information requested to determine the
12 applicant's eligibility to receive a certificate; or

13
14 3. There is reasonable cause to believe information submitted in
15 the application is false or misleading.

16
17 **12.55.080 Maintenance of records required.**

18
19 A. The seller shall keep available in the municipality for a period of three
20 (3) calendar years after the year created, such records as are
21 necessary to permit the municipality to perform an audit of the seller's
22 collection and remittance of the sales tax. Such records shall contain
23 at least the following:

24
25 1. All sales receipts specifying what goods or services were sold
26 in the transaction, the sale price for each item, total sum for the
27 transaction, and total tax for the transaction; and

28
29 2. Other records the department may require.

30
31 B. The seller shall be responsible to obtain and preserve evidence
32 sufficient to support all claimed exemptions from the tax for
33 transactions subject to this chapter. Specification in this chapter of the
34 records to be kept by a seller shall not relieve the seller of its
35 responsibility to keep sufficient records.

36
37 **12.55.090 Tax receipts segregated and held in trust.**

38
39 Title to taxes collected pursuant to this chapter shall vest in the municipality
40 upon collection. Persons authorized to collect tax have a fiduciary duty to
41 the municipality with respect to tax receipts.

42
43 **12.55.100 Direct Pay Permit.**

44
45 A direct pay permit authorizes its holder to purchase tangible personal
46 property and services without paying tax to the seller and authorizes the

- 1 D. A tax return is due and payment in full shall be received by the last
2 day of the month following the end of the quarter, the month or the
3 calendar year for which the tax return is filed. If this day falls on a
4 Saturday, Sunday, or holiday observed by the municipality, the tax
5 return and remittance payment shall be due the following business
6 day.
7
- 8 E. A tax return shall be submitted on a form or in a format prescribed by
9 the department and shall include information as the department may
10 require. A seller shall report and remit the sales and use tax using the
11 same method of accounting the seller uses for federal tax purposes.
12
- 13 F. A seller may claim a deduction on its tax return for the amount of taxes
14 due to the municipality in a transaction where the total amount of the
15 sales is uncollected and deducted on a federal tax return as bad debt.
16 If the seller later collects on such bad debt, the seller shall remit and
17 report the portion of the collection attributable to the sales and use tax
18 to the municipality.
19
- 20 G. A seller may claim a deduction on its tax return for sales and use taxes
21 previously remitted to the municipality if such taxes were collected in
22 error and refunded to the purchaser, or if the sales transaction was
23 reversed for the customer in accordance with the seller's established
24 and written refund policy.
25
- 26 H. If a seller fails to file a complete tax return as required by this section
27 or if the department finds a tax return is not supported by the records
28 required to be maintained under this chapter by the seller filing the tax
29 return, the department may prepare and file a tax return on behalf of
30 the seller. Taxes estimated on a tax return filed on behalf of a seller
31 under this subsection may be premised upon any information
32 available to the department including comparative data for similar
33 businesses. A seller for whom an involuntary tax return is filed under
34 this subsection shall be liable for the taxes stated on the involuntary
35 tax return, in addition to penalties and interest provided for in this
36 chapter.
37
- 38 1. The department shall notify the seller of a determination made
39 under this subsection and include in such notice the basis of
40 the department's calculations determining the seller's liability
41 with a notice of the seller's rights under section 12.55.190, that
42 payment is due immediately and that taxes, interest, penalties
43 and costs continue to accrue from the date taxes were due
44 under this chapter for the period(s) covered by the
45 determination.
46

1 their official capacity and then only for purposes reasonably related to
2 the collection and remittance of the sales and use tax.
3

- 4 B. Notwithstanding subsection A., the department may, at its discretion
5 for the sole purpose of enforcing this chapter, share any and all sales
6 and use tax returns, registration information or other data gathered
7 under this chapter with other federal, state and municipal tax collection
8 agencies and other government agencies only as necessary to
9 enforce this chapter, collect tax monies, or perform an audit.
10

11 **12.55.140 Security for fiduciary performance.**
12

- 13 A. *Guarantee required.* To ensure a seller subject to this chapter
14 performs its fiduciary responsibility to timely collect, account for,
15 safeguard, report and remit taxes levied by this chapter, under section
16 12.55.070F, or for other good cause shown, the department may
17 require a seller to provide a guarantee by one or more of the methods
18 specified in this section. The amount of the guarantee shall be in an
19 amount the department determines to be five percent (5%) of the
20 estimated average annual sales revenues for the applicant, or
21 \$5,000.00, whichever is greater. In the event the municipality
22 exercises a claim against the guarantee, the seller shall provide an
23 additional guarantee, in an amount equal to the amount of the paid
24 claim, no later than thirty (30) days after the date such claim is paid or
25 its certificate of registration shall be automatically revoked.
26

- 27 B. *Methods.* The applicant seller shall include one or more of the
28 following methods to guarantee performance of its fiduciary
29 responsibilities at the time of application for a certificate of registration:
30

- 31 1. *Surety bond.* The seller may elect to grant a surety bond, in an
32 amount defined in subsection A. of this section, from a
33 company authorized to do such business in the state. The bond
34 shall be in a form acceptable to the municipal attorney. The
35 bond shall be payable to the municipality and shall be
36 conditioned upon payment in full of the tax, including penalties
37 and interest due and to become due and owing to the
38 municipality by said seller during the effective period of the
39 bond under the provisions of this chapter. The surety may
40 terminate this bond, except as to any liability already incurred
41 or accrued, and may do so upon giving the seller and the
42 department written notice to that effect. The surety shall provide
43 written notice to the department not less than thirty (30) days
44 before the expiration, non-renewal, lapse, termination, or other
45 similar event affecting such surety bond. Thirty (30) days after
46 receipt by the department of such notice or upon a later date

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- C. When a seller subject to this section files a tax return and remits the full amount of taxes due under this chapter, by the due date prescribed by this chapter, for tax return periods equivalent to two (2) consecutive calendar years, the seller may submit a written request to the department for a waiver of the requirement to post a guarantee. Except as provided in this section, the department shall approve the request in writing, stating the date the requirement for a guarantee shall expire and any funds held by the municipality in satisfaction of the guarantee requirement returned. The department shall not, however, approve the request and the requirement for a guarantee shall not expire when the department has reasonable cause to believe the applicant seller is a related party or related entity to another person or seller, still owing delinquent sales tax revenues for which the applicant is applying for a certificate of registration for purposes of avoiding payment of delinquencies, penalties or interest under this chapter.
- D. The agreement or contract, and other evidence of a guarantee under this section, is subject to inspection by the department. The department may require production of the agreement or contract providing the guarantee for inspection prior to issuing a certificate of registration.
- E. Security for fiduciary performance under this section may be waived for an applicant seller with less than \$25,000 in annual revenues on average for the past three (3) consecutive years.

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12.55.150 Certificates of exemption.

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- A. The department shall provide a certificate of exemption to an eligible person upon successful application by that person. The municipality shall charge a fee for the application or issuance of the certificate of exemption, in a reasonable amount determined by the department. Once issued, the certificate of exemption shall be valid for five (5) years unless earlier revoked by the municipality due to the ineligibility of the person receiving the certificate of exemption or due to misuse of the certificate of exemption.
1. A person regularly purchasing goods or services in a sale exempt from the tax under section 12.55.040 may use a certificate of exemption when those goods or services are purchased from a seller. The purchaser shall use the certificate only when purchasing goods or services in exempt transactions. Use of the certificate by any person other than the purchaser to whom the certificate is issued, or for sales not exempt under section 12.55.040, is prohibited.

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4. No person may engage in business selling goods or services in the municipality without first obtaining a certificate of registration under this chapter.
 5. No person, whether or not a seller covered by a certificate of registration, shall deny the department, or agent(s), subsequent to identification during business hours or at a reasonable time, access to records of sales transactions and other accounting records for purposes of inspection under this chapter.
 6. No person shall charge or collect in excess of the proper amount of tax due under this chapter. Money collected as sales tax in excess of the actual sales tax owed becomes a liability of the seller under section 12.55.050.
 7. No person shall misuse an exemption certificate. For purposes of this subparagraph, *misuse* shall mean:
 - a. For a purpose other than an allowed exempt purpose under this chapter; or
 - b. Copying or distribution of the exemption certificate to any person(s) other than the person to whom it is issued, whether or not a person uses or attempts to use such duplicated certificates in a purchase transaction.

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12.55.170 Penalties.

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- A. The penalties provided for in this subsection shall be in addition to all other penalties and interest provided for under this ~~chapter~~Code, notwithstanding language to the contrary.
1. A seller who fails to file a complete tax return, in accordance with section 12.55.100, within thirty (30) calendar days following its due date shall automatically incur a civil penalty for each incomplete tax return, or tax return not filed, equal to five percent (5%) of the taxes due to the municipality with that tax return as determined by the department. Such penalty shall be automatically increased by an additional five percent (5%) of the taxes due for each 30 day period the return is delinquent, up to a maximum of twenty-five percent (25%) of the taxes owed. Interest shall accrue daily on the delinquent taxes at the rate of fifteen percent (15%) per annum, or the maximum interest rate allowed by law, whichever is greater.

1 **12.55.200 Remedies of person aggrieved.**
2

- 3 A. Any person aggrieved by any action or determination of the
4 department under this chapter may apply to the department and
5 request a hearing before the chief fiscal officer on the department's
6 action or determination within thirty (30) days from the date the
7 department mails notice of its action or determination.
8
9 1. An application for a hearing shall notify the department of the
10 specific action or determination contested and the amount of
11 tax, interest, cost or penalty contested, and the reason for such
12 contest.
13
14 2. The uncontested portion of any tax due under this chapter shall
15 be paid when due regardless of any application for a hearing.
16 Payment of the total amount due may be made at any time
17 before the hearing. Payment in full does not affect a person's
18 right to a hearing.
19
20 B. Upon timely application for a hearing under this section, the chief fiscal
21 officer, or an administrative hearing officer if designated by the chief
22 fiscal officer, shall hold a hearing and render a decision or
23 determination in accordance with chapter 3.60 to determine whether
24 a correction or reversal of the department's action or determination is
25 warranted.
26
27 1. If a person requesting a hearing fails to appear at the hearing,
28 the hearing officer shall issue a decision without taking
29 evidence from that person, unless the person shows
30 reasonable cause for failure to appear within seven (7) days
31 after the date scheduled for the hearing.
32
33 2. If the chief fiscal officer designates the administrative hearing
34 officer to conduct the hearing, the administrative hearing officer
35 shall hold the hearing and prepare recommended findings and
36 conclusions. These findings and conclusions shall be
37 forwarded to the chief fiscal officer for adoption, rejection, or
38 modification and issuance of a final order or decision by the
39 chief fiscal officer.
40
41 C. Within thirty (30) days after receipt of a written final decision by the
42 chief fiscal officer, a person aggrieved by the decision as a matter of
43 right may file an administrative appeal of the decision with the Superior
44 Court of the Third Judicial District, State of Alaska.
45

~~prescribed by Charter section 14.07, or any amendment or ordinance that would have such effect, shall require the approval of three fifths (3/5) of the qualified voters voting on the question. All other amendments to provisions of this chapter not having the foregoing effect may be adopted by ordinance by majority vote of the Assembly.~~

Section 2. Anchorage Municipal Code section 12.15.015 is hereby amended to read as follows *(the remainder of the section is not affected and therefore not set out)*:

12.15.015 Real property exemptions.

*** *** ***
E. *Municipal exemptions.*

1. *Residential real property exemption.* ~~Eighty Ten~~-percent of the assessed value of residential real property, up to a maximum of ~~\$540,000.00~~ [20,000.00] of assessed value, shall be exempt from property taxation if:

*** *** ***
(AO No. 86-211(S-1); AO No. 88-158; AO No. 92-56; AO No. 94-228(S-2), § 1, 2-7-95; AO No. 95-199, § 1, 1-1-96; AO No. 97-146, § 1, 1-1-98; AO No. 2003-149, § 1, 11-4-03; AO No. 2008-18, § 1, 2-12-08; AO No. 2009-133(S-1), § 2, 1-12-10; AO No. 2011-16, § 2, 2-1-11; AO No. 2011-37(S), § 1, 4-12-11; AO No. 2011-108(S), § 1, 11-22-11, retro eff. 1-1-10; AO No. 2012-1, § 2, 4-3-12; AO No. 2014-150(S) , § 1, 2-3-15)

Section 3. Anchorage Municipal Code chapter 12.25 is hereby amended to read as follows *(the remainder of the chapter is not affected and therefore not set out)*:

Chapter 12.25 TAX INCREASE LIMITATION

*** *** ***

12.25.040 - Computation of maximum attainable tax revenue amount.

The estimate of maximum attainable tax revenue (next year revenue available) is computed for the next fiscal year according to the following procedures:

- A. Define the tax increase escalation amount, (L):
 $L = (T - d - e) \times (1 + C + P)$ where the base amount for calculating the next year's tax increase limit shall be the total amount of the municipal taxes to be collected for the current fiscal year and:
1. L is the allowable tax increase due to population and inflation growth factors.
 2. T is the total amount of:

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and eighty-five percent of the net receipts from the levy and collection of general sales and use tax under chapter 12.55 for 2018, and

ii. reduced by eighty-five percent of the net receipts from the levy and collection of the general sales and use tax under chapter 12.55 between January 1, 2019 and December 31, 2019.

c. For 2020 and beyond, the tax escalation amount (L), T having been previously reduced by a year's worth of eighty-five percent of net receipts from the sales and use tax receipts under chapter 12.55 and thereby accomplishing the aim of making that portion of the sales and use tax in full substitution of other taxes, shall be calculated according to this section, without defining any additional exclusion for the sales and use tax under subsection B.

B. Define exclusions in accordance with Charter section 14.03(b)(2) and the following guidance:

*** *** ***

7. Eighty-five percent of tThe net receipts from the sales and use tax under chapter 12.55 shall be excluded from the calculation in 2018 and 2019, and thereafter shall not be excluded, in accordance with subsection A.7.c. and Charter section 14.07(d).

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(AO No. 84-208(S-A); AO No. 2003-160, §§ 2, 3, 1-1-04; AO No. 2003-161, § 1, 12-16-03; AO No. 2003-164, § 1, 12-16-03; AO No. 2004-22, § 1, 2-3-04; AO No. 2005-47, § 1, 4-19-05; AO No. 2005-48, § 1, 4-19-05; AO No. 2005-49, § 1, 4-19-05; AO No. 2009-109, § 2, 1-10-10; AO No. 2011-38, § 1, 3-29-11)

Section 4. A ballot proposition containing substantially the following language, together with the full text of Sections 1, 2 and 3 available for review at every voting precinct, shall be submitted to the qualified voters of the Municipality of Anchorage at a special election as described in section 5, below~~the April 4, 2017 regular election:~~

PROPOSITION NO. _____
TAX REVENUE DIVERSIFICATION MEASURE:
CHARTER AMENDMENT AND ORDINANCE TO
ADD 42% SALES TAX AND REDUCE PROPERTY TAXES

The proposed Charter Amendment and Assembly Ordinance 2016-__ would enact a ~~four~~two percent (24%) sales and use tax on the sale of tangible

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) In order for the sales and use tax levied pursuant to Charter § 14.07 to be in substitution of other taxes, and to promote greater fiscal stability, "the total amount of municipal tax that can be levied during a fiscal year" shall include eighty-five percent of the net receipts of the levy and collection of sales and use tax collected pursuant to Charter § 14.07 for the preceding year. 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 together with eighty-five percent of the net receipts of the levy and collection of the sales and use tax collected pursuant to Charter § 14.07 for the year immediately prior to the preceding year.

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Section 14.07 - Sales and Use Tax Dedicated to Property Tax Relief and Areawide Public Health and Safety.

(a) There is hereby levied, to the extent provided by law, a four two percent (24%) tax on the sale and use of goods and services within the municipality, with exemptions as provided by law.

(b) The assembly may prescribe exemptions to the tax imposed by this section by ordinance, and shall enact such additional provisions, not inconsistent with this section, as necessary or desirable to implement this section.

(b) Receipts covering the costs of administration, collection and audit are taxes required to fund additional services within the meaning of Charter § 14.03(b)(2).

(c) Eighty-five percent of the net receipts from the sales and use tax, after payment of the costs of administration, collection and audit to the municipality, in one fiscal year are dedicated to property-tax reduction in the following year, in order for the tax collected to be in substitution of other taxes. Receipts covering the costs of administration, collection and audit are

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Shall the Charter be amended as shown above, and Assembly Ordinance 2016-__ become law?

YES NO

Section 5. In accordance with AMC 28.20.010, the Assembly hereby authorizes a special election for _____, 2017. The special election shall be for the purpose of submitting to voters the tax-diversification measure and Charter amendments set forth in this ordinance.

Section 56. Sections 1 and 3 of this ordinance and the Charter amendments set forth in the proposition in Section 4 shall become effective on July 1, 2018, and Section 2 shall become effective on January 1, 2019, if and only if, the proposition contained in Section 4 of this ordinance is approved by a majority (50% + 1) three-fifths (3/5) of the qualified voters of the Municipality voting on the proposition during the regular-special Anchorage Municipal election held on April 4 _____, 2017. The remainder of this ordinance shall be effective upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly this _____ day of _____, 2017.

Chair

ATTEST:

Municipal Clerk