From: MAYOR BERKOWITZ, ASSEMBLY MEMBER TRAINI,
VICE CHAIR CROFT, AND ASSEMBLY MEMBER RIVERA

Subject: AN ORDINANCE OF THE ANCHORAGE ASSEMBLY
SUBMITTING TO THE QUALIFIED VOTERS OF THE
MUNICIPALITY OF ANCHORAGE A BALLOT PROPOSITION
AMENDING THE ANCHORAGE MUNICIPAL CHARTER TO
AUTHORIZE A RETAIL SALES TAX ON ALCOHOLIC
BEVERAGES AND DEDICATING THE NET RECEIPTS REVENUE
TO HEALTH AND PUBLIC SAFETY PURPOSES, INCLUDING
FINANCING SUPPORT FOR SUCH PURPOSES; AUTHORIZING
THE ASSEMBLY TO IMPLEMENT THE TAX BY ORDINANCE;
AND RELATED MATTERS.

This ordinance proposes a Charter amendment, to be approved by the voters,
authorizing a retail sales tax on alcoholic beverages within the Municipality of
Anchorage. Like marijuana, alcohol should be taxed and contribute to funding
public health and safety in our community.

This proposed Charter amendment authorizes the tax levy and has the following
features:

- Flat retail alcohol tax of 5%, effective January 1, 2020.
- Outside the "Tax Cap": a “special tax” added to the base for the tax increase
  limitation the following year, in accordance with Charter section 14.03(b)(3).
- Net revenues dedicated to funding alcohol and substance misuse programs
  and facilities, and other public safety purposes to address inebriate issues
  by funding services such as prohibited campsite cleanups, alcohol and
  substance misuse prevention and education programs, the Anchorage
- Revenue may be used to pay financing obligations for capital
  improvements. This would allow for construction activities for a potential
  Alaska Center for Treatment, or secure private investment by providing
  guaranty funds in the Pay for Success initiative.
- Allows the Assembly to create exemptions from the tax by ordinance.

This retail sales tax on alcoholic beverages will address the social and economic
costs caused by alcohol to the people of Anchorage. The State of Alaska has an
excise tax on alcohol, but little or no funds collected are reinvested in our
community, where the majority of that state revenue is generated.

Other local governments throughout Alaska, from Utqiagvik to Juneau have
approved a sales tax on alcohol. Tax rates vary by jurisdiction, from 3% to 12%.
The City of Fairbanks and the Fairbanks North Star Borough both assess alcohol
with a 5% retail sales tax; the City and Borough of Juneau assesses retail alcohol
sales at an 8% total tax (3% on alcohol in addition to a 5% general sales tax). If
voters approve this proposed ballot measure, the result would be $0.40 on an $8
six-pack of beer, $0.50 on a $10 mixed drink, $1.75 on a $35 bottle of wine, and
$2.50 on a $50 bottle of liquor.

Over the past few decades, Anchorage Assembly members proposed an alcohol
sales tax with dedicated revenue for similar health and public safety purposes in
AO 2017-149(S-1), AO 2015-10(S), AO 1994-165, AO 1994-182, AO 1990-073,
AO 1989-037, and AO 1984-170. Citizens proposed ballot initiatives with similar
terms and revenue dedication in 2004 and 2007. Another 1994 ordinance
proposed a wholesale alcohol sales tax to substitute and reduce property taxes.
None of these past proposals made it to the election ballot for the voters to decide.
Now, with this proposal, they should at last be given that opportunity by an
areawide public vote.

Historically, alcohol misuse is harmful to our community but receives inadequate
funding from the State. Today, with secure funding from a dedicated revenue
stream, we can develop programs and initiatives that improve the safety and
welfare of people in Anchorage. The proposition would permit the Assembly, by
appropriation, to direct the tax revenues to health and safety programs and
projects including, but not limited to, the following:

Substance misuse treatment and prevention
  ➢ Alaska Center for Treatment
  ➢ Alcohol and substance misuse prevention programs
Homelessness
  ➢ Additional camp abatement staff and resources
  ➢ Storage for personal property seized camp abatements
  ➢ Housing and support services
  ➢ Cold-weather sheltering or other emergency system needs
Community Behavioral Health
  ➢ Community Outreach Referral and Education (CORE) Team
  ➢ Increased co-responder models for mental health support, such as
    the successful Mobile Intervention Team
  ➢ Expanded Anchorage Safety Patrol coverage (currently limited to
    Downtown, Midtown, Mountain View and Fairview areas)

Prepared by: Mayor’s Office and Assembly Counsel
Approved by: Ona Brause, Chief of Staff
Concur: Lance Wilber, Director, Office of Management and
        Budget
Concur: Alexander Sivkova, CFO
Concur: Rebecca A. Windt Pearson, Municipal Attorney
Concur: William D. Falsey, Municipal Manager
Respectfully submitted: Ethan Berkowitz, Mayor
                     Dick Traini, Assembly Member, District 4 - Midtown
                     Eric Croft, Assembly Member, District 3 - West
                     Anchorage
                     Felix Rivera, Assembly Member, District 4 - Midtown