

If I were mayor I would bring a diverse group of stakeholders together to develop a progressive sales tax to address one of the most critical issues facing Anchorage, which is an underfunding of city services across the board.

Anchorage is too heavily reliant on property taxes to fund city services. In 2019, only 104,000 people paid property taxes in a community with over 300,00 residents. Because there is a tax cap in Anchorage the city can only raise and spend a limited amount of funds on city services, which restricts their ability to pay for the needs of the community. If there were a progressive sales tax Anchorage would have more revenues to spend on city services such as public safety, housing, road maintenance, libraries, parks, education and more. In 2020, Anchorage voters passed an alcohol tax that somewhat addressed this problem but those revenues can only be used for public safety and homelessness. There are many city services that are still underfunded for a community our size.

In the past, one of the main criticisms of a sales tax is that it tends to hurt lower income people the most. However, you can create a “progressive” sales tax that addresses this criticism by exempting goods and services most used by lower and medium income households. For example, most progressive sales taxes implemented in other communities exempt food, gas, and childcare services.¹ While Anchorage doesn’t have a sales tax, 106 communities around Alaska do have a sales tax that helps support their city services.² Community sales tax rates in Alaska range from two percent to seven and a half percent. As Alaska’s biggest city, it is hurting Anchorage to not have a sales tax. Not all of a sales tax would fall on Anchorage residents either. Analysis has shown that 20 percent of revenue from an Anchorage sales tax would come from those outside of Anchorage, such as tourists or commuters coming into Anchorage for work.

The last time a mayor tried to push a sales tax was in 2013 under Mayor Dan Sullivan, but it never made it to the ballot. Any sales tax has to be voted on, which means a robust and broad campaign to build support from voters must be done in advance. Efforts in the past have failed because the tax is either too regressive or not enough support has been built. For this sales tax to pass, a mayoral task force of diverse residents, business leaders, and non-profit leaders should be created. It’s important that this task force hears from a wide range of Anchorage residents to make sure all questions and concerns are addressed. Non-profit leaders are especially important because they are taking a lot of the burden right now that the city cannot address so they could be strong advocates for this initiative and would be very helpful in talking to Anchorage residents.

Because I grew up in Anchorage I have always and will always love it, but it is hard to hope for a better future when I look around and see homeless camps, deteriorating roads and sidewalks, crumbling city buildings, and a depressed downtown. It seems like the only

¹ Aubrey Wieber, “Here are 3 tax proposals the Anchorage Assembly could put on the April ballot,” *Anchorage Daily News*, January 2, 2020

² James Brooks , “Alaska communities that levy sales taxes launch plan to collect for online purchases,” *Anchorage Daily News*, October 19, 2019

investment coming into Anchorage is to build more hotels. We need to create a more diverse and stable tax system to rebuild our city and provide better services to residents. This will attract broader economic activity and investment to make sure Anchorage is strong far into the future.