

SUBJECT: AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY LEVYING A TAX UP TO 10% ON THE SALE OF ALCOHOLIC BEVERAGES AND TO SUBMIT THE QUESTION TO THE QUALIFIED AREAWIDE VOTERS AT THE NOVEMBER 3, 2026 REGULAR ELECTION.

AGENDA OF: May 19, 2026

ASSEMBLY ACTION:

AGENDA ACTION REQUESTED: Introduce and set for public hearing.

Route To	Signatures
Originator	<div style="text-align: right;">4 / 29 / 2026</div> <p>X N S for Assym Bernier</p> <p><small>Signed by: Nicholas Spiropoulos</small></p>
Finance Director	<p>X Cheyenne Heindel</p> <p><small>Signed by: Cheyenne Heindel</small></p>
Borough Attorney	<div style="text-align: right;">4 / 30 / 2026</div> <p>X Nicholas Spiropoulos</p> <p><small>Signed by: Nicholas Spiropoulos</small></p>
Borough Manager	<div style="text-align: right;">5 / 1 / 2026</div> <p>X Michael Brown</p> <p><small>Signed by: Mike Brown</small></p>
Borough Clerk	<div style="text-align: right;">5 / 1 / 2026</div> <p>X Lonnie Mckee</p> <p><small>Signed by: Lonnie Mckee</small></p>

ATTACHMENT (S): Ordinance Serial No. 26-062 (21 pp)
Fiscal Note (1 pp)

SUMMARY STATEMENT: This ordinance is sponsored by Assemblymember Bernier to levy an alcoholic beverage tax up to 10% on the retail sale of alcoholic beverages within the Matanuska-Susitna Borough. A sales tax cannot take effect unless ratified by a majority of the voters. See AS 29.45.670. Therefore, this ordinance will place the question before the areawide voters at the November 3, 2026 regular Borough election.

The purpose of this ordinance is to provide for an additional revenue source. Property taxes are an ever increasing burden on homeowners. For several years property values have been increasing dramatically and even though the Borough Assembly has reduced the mill rate, burdens to homeowners increase due to higher values.

By gaining additional revenue from a sales tax, the Borough can

add a diversification component to its revenues and offset some of the burden on property owners.

In accordance with AS 04.21.010(c), the Matanuska-Susitna Borough may impose sales taxes on alcoholic beverages only if sales taxes are imposed on other sales within the Borough. In Lagos v. City and Borough of Sitka, 823 P.2d 641 (Alaska 1991) the Alaska Supreme Court further held that because of the way the state statutes are written, ". . .if sales taxes are imposed on other commodities then the rate of taxation on the sale of alcoholic beverages may not exceed the rate of taxation imposed upon such other commodities sales."

Since the Matanuska-Susitna Borough imposes a 5% "bed" tax and a 5% tax on retail marijuana sales, there are other sales taxed in the Borough. This 5% rate would also be the limit of an alcoholic beverage sales tax. However, the sponsor of this ordinance also is sponsoring an increase in the rate of levy for the marijuana tax to 10% (See OR 26-061; IM 26-100) Should that proposition pass, there will be a sales tax within the Borough at 10% and thus AS 04.21.010(c) and the Supreme Court's mandate in Lagos will be satisfied.

The legislation here, including the ballot question, is phrased to levy an alcoholic beverage sales tax as "up to" 10%. In the event the increase in the marijuana tax does not pass, the alcoholic beverage tax would be limited to 5% even if the voters approved a higher percentage. This is the reason for Section 4 of the ordinance titled "Limiting clause."

RECOMMENDATION OF ADMINISTRATION: Introduce and set for public hearing.

MATANUSKA-SUSITNA BOROUGH

FISCAL NOTE

Agenda Date: May 19, 2026

SUBJECT: AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY LEVYING A TAX UP TO 10% ON THE SALE OF ALCOHOLIC BEVERAGES AND TO SUBMIT THE QUESTION TO THE QUALIFIED AREA WIDE VOTERS AT THE NOVEMBER 3, 2026 REGULAR ELECTION.

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT YES NO
AMOUNT REQUESTED *	FUNDING SOURCE Alcohol tax revenue
FROM ACCOUNT #	PROJECT
TO ACCOUNT: 100.000.000 3xx.xxx	PROJECT #
VERIFIED BY: _____ X <u>L i e s e l Z a n t o</u> _____ S i g n e d b y : L i e s e l Z a n t o	

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL						
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REVENUE		* _____	_____	_____	_____	_____
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FUNDING:


(Thousands of Dollars)

General Fund		* _____	_____	_____	_____	_____
State/Federal Funds						
Other						
TOTAL		* _____	_____	_____	_____	_____

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary) *Amount depends on actual alcohol tax collected

APPROVED BY:	 X <u>C h e y e n n e H e i n d e l</u> _____
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Signed by: Cheyenne Heindel