



MATANUSKA-SUSITNA BOROUGH

Department of Finance

350 East Dahlia Avenue • Palmer, AK 99645

Phone (907) 745-4801 • Fax (907) 745-0886

www.matsu.gov

Areawide Sales Tax Proposal, Ordinance 26-032 Senior/Disabled Veteran Exemption Amendment

May 18, 2026

A previous memorandum was published on February 25, 2026 describing the revenue assumptions for the base ordinance. The proposed sales tax is projected to generate \$121,398,669 in areawide revenue. FY2027 areawide property taxes are projected to generate \$129,576,700.

The proposed senior and disabled veteran exemption for Ordinance 26-032 would exempt seniors and 100% disabled veterans by issuing an exemption card from the proposed 6.5% areawide sales tax. If the exemption is implemented, the amount of reduced revenue could range between \$12,028,900 and \$26,833,700. If the reduced revenue is \$12,028,900 the Finance Department recommends at least an 8% areawide sales tax to offset the reduced revenue. However, if the reduced revenue is closer to the higher estimate of \$26,833,700, the sales tax rate would need to be at least 9% to provide revenue to sustain existing services.

Reduced Revenue with the Senior and 100% Disabled Veteran Sales Tax Exemption. The average American household is estimated to pay between \$1,300 and \$2,900 annually per USAFacts.

# Exempt Households	Low average household sales tax (\$1,300)	Medium average household sales tax (\$2,100)	High average household sales tax (\$2,900)
9,253	\$12,028,900	\$19,431,300	\$26,833,700

To administer this tax, it is estimated that two full-time employees would be needed costing approximately \$360,000 annually.