



ASSEMBLY FINANCE COMMITTEE AGENDA

April 22, 2026 at 5:30 PM

Assembly Chambers/Zoom Webinar

Assembly Finance Committee Worksession

<https://juneau.zoom.us/j/93917915176> or 1-253-215-8782 Webinar ID: 939 1791 5176

- A. CALL TO ORDER
- B. ROLL CALL
- C. AGENDA TOPICS
 - 1. Service Reduction Summary (See Supplemental Materials)
 - 2. Empowered Board Follow-Ups
 - 3. Foregone Revenue (See Supplemental Materials)
 - 4. 3% Temporary Sales Tax Renewal
 - 5. Information Only: AFC Budget Calendar (Updated April 17, 2026)
- D. NEXT MEETING DATE
 - 6. April 29, 2026, at 6:00 PM
- E. SUPPLEMENTAL MATERIALS
 - 7. Service Reduction Summary
 - 8. Foregone Revenue
- F. ADJOURNMENT

ADA accommodations available upon request: contact the Clerk's Office (907)586-5278 or city.clerk@juneau.gov at least 36 hours prior to a meeting, to request ADA arrangements.



DATE: April 17, 2026
TO: Assembly Finance Committee
FROM: Angie Flick, Finance Director
SUBJECT: **Empowered and Elected Board Budget Follow-up**

155 Heritage Way
Juneau, AK 99801
Phone: (907) 586-5215

The purpose of this memo is to set expectations for the next steps regarding the budgets for both the Elected Board budget (Juneau School District) and the Empowered Boards budgets (Docks & Harborts, Bartlett Regional Hospital, Juneau International Airport and Eaglecrest).

The FY27 Manager's Proposed Budget includes the budgets approved by the various Elected and Empowered Boards. If the Assembly Finance Committee (AFC) takes no action on these elements of the budget through the budget process, they will be forwarded to the full Assembly for approval with the associated budget ordinances. Changes could happen through any of the conversations already scheduled in the budget process; whether service reductions or the upcoming conversation on April 29th on Eaglecrest.

This memo is being brought to the AFC at this time to ensure the opportunity for members to suggest changes be added to the pending list if so desired. Next week, the Assembly will be asked to take action on the instruction budget (up to the cap) for the Juneau School District. Any changes to above-the-cap amount have traditionally been considered through the pending list process.

Presented by: The Manager
Presented:
Drafted by: Law Department

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2026-13

An Ordinance Providing for the Levy and Collection of a Temporary 3% Areawide Sales Tax on the Price of All Taxable Sales of Goods and Services Delivered within the City and Borough of Juneau, to be in Effect Five Years from July 1, 2027, through July 1, 2032; and Calling for an Election on Whether Such Sales Tax Shall Be Levied.

WHEREAS, the present 5% areawide sales tax rate in the City and Borough comprises a permanent 1% tax, a temporary 1% tax, and a temporary 3% tax; and

WHEREAS, the 3% temporary component of the sales tax expires on July 1, 2027, unless the voters approve extending the duration of the tax; and

WHEREAS, the 3% temporary sales tax provides a balance to municipal revenue sources between sales tax and property tax; and

WHEREAS, the Assembly has determined that an extension of the 3% temporary sales tax, to become effective on July 1, 2027, for a period of five years, is necessary to provide a stable revenue base for important municipal services and projects; and

WHEREAS, with the extension of the 3% temporary tax, the total sales tax rate in the City and Borough would remain unchanged at 5%.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. Section 2 of this ordinance, if approved by a majority of qualified voters voting on the question pursuant to Sections 3 and 4, shall be of a general and permanent nature and shall become a part of the City and Borough code, until it expires under its own terms. Sections 3 and 4 are noncode sections.

Section 2. Amendment of Section. CBJC 69.05.020, Imposition of rate, is amended to read:

69.05.020 Imposition of rate.

(c) Subsection (a)(2) and this subsection (c) are automatically repealed on July 1, ~~2027~~ 2032.

1
2 **Section 3. Submission of Question to Voters.**

3 (a) In accordance with Article IX, Section 9.17, of the Home Rule Charter of the City and
4 Borough of Juneau, the question of whether or not a temporary 3% areawide sales tax shall be
5 levied and collected effective July 1, 2027, for a period of five years only, shall be submitted to
the qualified voters of the City and Borough at the regular municipal election to be held on
October 6, 2026.

6 (b) The Municipal Clerk shall prepare the ballot proposition to be submitted to the qualified
7 voters of the City and Borough for their consideration of the temporary 3% areawide sales tax
8 set forth in this ordinance. The Municipal Clerk shall further perform all necessary steps in
accordance with law to conduct the election and place the proposition before the qualified voters
at the regular municipal election.

9 **Section 4. Proposition.** The proposition to be submitted to the qualified voters of the
10 City and Borough as required by Section 3 above shall read substantially as follows:

11 **Explanation**

12 Juneau currently has a permanent 1% sales tax, a temporary 1% sales tax, and a
13 temporary 3% sales tax. The temporary 1% sales tax is automatically repealed on
14 September 30, 2028. The temporary 3% sales tax is automatically repealed on July
1, 2027. The total of all CBJ sales taxes is currently 5%.

15 This ballot proposition would continue the current 3% temporary sales tax rate for
16 an additional five years, until June 30, 2032. Accordingly, if this proposition is
17 approved, the total sales tax rate would remain at 5%. This proposition would also
continue the Assembly's intended allocation of the temporary 3% sales tax
revenues as follows:

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2 **Current Temporary Sales Tax**
(repealed July 1, 2027)

3 **New Proposed Temporary Sales**
Tax (July 1, 2027 to June 30, 2032)

4 1% police, fire, street
5 maintenance, snow removal,
6 EMT/ambulance service,
7 parks and recreation,
8 libraries, and other general
9 purposes;

10 1% police, fire, street
11 maintenance, snow removal,
12 EMT/ambulance service,
13 parks and recreation,
14 libraries, and other general
15 purposes;

16 1% roads, drainage, retaining
17 walls, sidewalks, stairs, and
18 other capital improvements;
19 and

20 1% roads, drainage, retaining
21 walls, sidewalks, stairs, and
22 other capital improvements;
23 and

24 1% allocated annually by the
25 assembly for capital
improvements, general
government services
(including the Better
Capital City account and
youth activities) and Budget
Reserve.

allocated annually by the
assembly among capital
improvements, an
emergency budget reserve,
and other general public
services.

3% Total Temporary sales tax until
June 30, 2027

3% Total Proposed temporary sales
tax starting July 1, 2027,
and ending June 30, 2032

PROPOSITION NO. _____

Authorization to Renew a Temporary 3% Areawide Sales Tax Effective July 1, 2027, Intended to Be Used for Certain Purposes as Set Forth Below.

Shall the City and Borough of Juneau, Alaska, levy and collect a temporary 3% areawide sales tax on the price of all taxable sales of goods and delivered in the City and Borough, effective July 1, 2027, for a period of five years only, in addition to the 1% permanent areawide sales tax and the 1% temporary areawide sales tax?

It is the intent of the Assembly to use the temporary 3% areawide sales tax as follows:

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- 1% police, fire, street maintenance, snow removal, EMT/ambulance service, parks and recreation, libraries, and other general purposes;
- 1% roads, drainage, retaining walls, sidewalks, stairs, and other capital improvement projects; and
- 1% allocated annually by the assembly among capital improvements, an emergency budget reserve, and other general public services.

Total 3% Temporary Sales Tax

Extend 3% sales tax five years YES []

Extend 3% sales tax five years NO []

Section 5. Effective Dates.

(a) The amendment of subsection (c) of CBJC 69.05.020 set forth in Section 2 of this ordinance shall become effective on July 1, 2027, if the proposition required by Sections 3 and 4 of this ordinance is approved by a majority of the qualified voters of the City and Borough voting on the proposition at the regular municipal election scheduled for October 6, 2026.

(b) Sections 3 and 4 of this ordinance authorizing the submission of the ballot proposition to the qualified voters of the City and Borough, shall be effective 30 days after adoption of this ordinance.

Adopted this _____ day of _____, 2026.

Beth A. Weldon, Mayor

Attest:

Breckan L. Hendricks, Municipal Clerk

City and Borough of Juneau
Assembly Finance Committee (AFC)

FY27 Budget Calendar and Key Dates – updated 4/17/2026

April 1st – 5:30pm Special Assembly (intro)

- A. Mill Levy Ordinance
- B. CIP Resolution
- C. CBJ Budget Ordinance
- D. School District’s Budget Ordinance

April 1st – 5:45pm AFC Meeting #1

- A. Gondola Project Update
- B. Assembly Grants & Community Requests
 - a. Assembly Information Needs
- C. Marine Passenger Fee FY27
- D. Capital Improvement Plan FY27

April 8th – 5:30 pm – AFC Meeting #2

- A. SKIP

April 11th – 10:30 am – AFC Meeting #3

Saturday

- A. Budget Summary & Overview
- B. Public Engagement Report
- C. Initial Service Reduction Discussion

April 15th – 5:30 pm – AFC Meeting #4

- A. Listening Session

April 16th – Assembly Budget Reductions Due

April 22nd – 5:30 pm – AFC Meeting #5

- A. Service Reduction Summary
- B. Empowered Board Follow-ups
- C. Foregone Revenue
- D. Draft 3% Temporary Sales Tax Ordinance

April 29th – 5:30 pm – Special Assembly (Hearing)

- A. Mill Levy Ordinance
- B. CIP Resolution
- C. CBJ Budget Ordinance
- D. School District Budget Ordinance
- E. Motion to Establish Local Funding for School District Operations

April 29th – 6:00 pm – AFC Meeting #6

- A. Assembly Grants & Community Requests – United Way Follow-up
- B. Youth Activity Grant Funding
- C. Service Reduction Follow-up
- D. FY27 Eaglecrest Budget

May 6th – 5:30 pm – AFC Meeting #7

- A. Service Reduction Follow-up
- B. Manager’s Proposed Increments & Budget Amendments – For Action
- C. Capital Improvement Plan Amendments
- D. School District Budget – For Action
- E. Passenger Fee Plan – For Action

May 13th – 5:30 pm – AFC Meeting #8

- A. Pending List – For Action
- B. Set Mill Rates – For Action
- C. Final FY27 Budget Decisions
 - a. CIP Resolution
 - b. Mill Levy Ordinance
 - c. CBJ Budget Ordinance
- D. Bonds

May 18th – 6:00 pm – Regular Assembly

- A. Adoption of the School District’s Budget Ordinance

May 20st – 5:30 pm – AFC Meeting #9

- A. TBD

May 27th – 5:30 pm – AFC Meeting #10

- A. Last day to decide on budget*

June 3rd – 5:30 pm – Regular Business AFC

- A. FY25 Audit Presentation

June 8th – 6:00 pm – Regular Assembly (Adoption)

- A. Mill Levy Ordinance
- B. CIP Resolution
- C. CBJ Budget Ordinance

Public hearings on the budget must be completed by May 1, per Charter Section 9.6

Assembly must determine school district instructional funding and notify district within 30 days of receipt of district budget (Charter Section 13.6(b))

Assembly must appropriate school district funding by May 31 (Charter Section 13.6(b))

Assembly must adopt Operating Budget, Mill Levy, and Capital Improvement Plan by June 15th or the manager’s proposal is deemed adopted (Charter Section 9.7 & 9.8)



DATE: April 17, 2026
TO: Assembly Finance Committee
FROM: Angie Flick, Finance Director
SUBJECT: **Service Reduction Summary**

155 Heritage Way
Juneau, AK 99801
Phone: (907) 586-5215

The purpose of this memo is to orient the Assembly Finance Committee (AFC) members to the attached Service Reduction Summary. First, a big thank you is in order to you all for your timely and thoughtful work on a difficult and unpleasant task.

Most of the ideas provided were for service/operating reductions, although a handful were related to revenue ideas. The summary is divided into three sections: Service or Expense Reductions, Revenue and Other Ideas. The data is arranged into several columns:

- Item # - this is intended to serve as a reference number to assist in discussion or action. It serves no other purpose than allowing a member to reference a number to bring other members to the same line in the document. I put a new item number for each idea that seemed unique enough that it may warrant discussion separately from other items even under the same larger heading.
- Agreement – this column represents how many members included this idea in their submission. Occasionally, all ideas were so similar that it is listed just once with potentially a dollar value range noted. More often, there was a central theme; but significantly different ideas around that theme. In this case, you will see indented lines with the number of members having a similar idea in parenthesis.
- Idea – this is the category and rough summary of the idea.
- Operating – this is the dollar value attributable to a general fund impact. Where a range was given by a number of members it is an average of the amounts.
- One-time – this is the dollar value attributable to the general fund, but is one-time in nature.

Ordering of this list is first by the number of members in agreement on the idea. In the transition to ideas presented by a single member, the list is ordered by general fund impact, highest value first. Many of you provided additional context, thoughts, and commentary on your ideas. Balancing the need to turn around a summary in quick order and an expectation that some of these will require further thought, information and discussion; those additional comments have not been included in this summary. As further details are requested, those will be provided as needed.

The AFC is a diverse body, and therefore it is not surprising the ideas put forth are also diverse. Chair Woll will direct the conversation on Wednesday as the body works through the ideas. I would suggest that as AFC members prepare for the discussion, that you consider the ideas presented that may fall at both ends of a decision spectrum. On one end are the ideas that you think can garner enough consensus to move to the pending list, even without agreement on the exact dollar amount at this meeting. On the other end of the spectrum are ideas that you would prefer to dismiss and not spend more time considering. Certainly, there will remain a plethora of ideas that the body wants to discuss and perhaps seek additional information or input through the City Manager.

Service or Expense Reductions				
Item #	Agreement	Idea	Operating	One-Time
	9	Assembly Grant Reductions		
1		(8) Reduce/Eliminate JEDC Grant (\$40K - \$440K)	241,000	
2		(7) Reduce Travel Juneau Grant from HBT (\$50K-\$700K)	471,000	
3		(3) Reduce Juneau Community Foundation Grant (\$100K-\$300K)	166,667	
4		(3) HeatSmart		
		(1) Transfer to United Way - does not create savings		20,000
		(1) Reduce Grant		20,000
		(1) Eliminate last year of grant		222,900
5		(3) Reduce Better Capital City Grant		
		(2) Reduce Grant	50,000	
		(1) Reduce Grant		100,000
6		(2) Reduce Juneau Arts & Humanities Council Grant (\$40K-\$100K)	70,000	
7		(2) Reduce Small Business Development Grant (\$3,500-\$28,500)	16,000	
8		(1) Eliminate League of Women Voter Grant	10,000	
9	9	Mt Jumbo Facility		
		(8) Move Facilities Maintenance to Marie Drake, sell Mt. Jumbo	191,000	2,500,000
		(1) Defer planned maintenance, transfer funds to other projects - does not create savings		
	6	Reduction of Pool Services -		
10		(4) Mothball Augustus Brown	600,000	
11		(2) Mothball Dimond Park - lower CIP needs	1,076,500	
12	6	Dimond Park Field House		
		(4) Mothball or Divest	242,000	
		(1) Stop CIP Work		300,000
		(1) Non-specific reduce spending	60,025	
13	5	City Museum		
		(1) Non-specific reduce spending	50,000	
		(2) Reduce programming, staff and hours (average savings)	261,492	
		(2) Full closure, divest collection, divest building	479,284	
14	4	Arboretum - Eliminate GF support	41,078	
	4	Capital Improvement Project Reductions		
15		(1) Lemon Creek Multi-Modal Path		1,500,000
16		(1) Gastineau Widening & Turn Around		1,000,000
17		(1) Remaining funds in Jackie Renniger Park Project		675,500
18		(1) Transfer from developed parks and playgrounds to other projects - does not create savings		
19	3	Affordable Housing Fund contribution reduction (\$150K - \$250K)	200,000	
20	3	Direct implementation of 340B pharmaceutical program (BRH) with savings directed to CBJ Benefits - benefits all funds in the future		
21	2	Travel and Training Reduction		
		(1) Non-specific reduce spending	75,000	
		(1) Across the board reduction aimed at 26% but larger due to amount of travel and training funded via grants and other sources.	410,000	
22	2	Landscape reductions (\$150K - \$600K)	375,000	
23	1	Reduce City Work Week to 36 hours, approximately 4% wage reduction (excludes sworn officers, fire fighters, transit operators, utility operators)	1,300,000	
24	1	Transfer prosecution back to state, reduce Law staff/contracts	935,000	
25	1	Eaglecrest - eliminate GF subsidy	930,000	
26	1	Across-the-board, non-specific departmental cuts (police, fire, Treadwell, finance, law, recycle works, HR, landscaping, engineering)	609,581	

Service or Expense Reductions				
Item #	Agreement	Idea	Operating	One-Time
27	1	Mothball Ice Rink until a revenue is clear - perhaps 2 year transition to private operators	501,076	
28	1	Bartlett - eliminate GF subsidy	200,000	
29	1	School District - reduce above-the-cap by \$115K, retains transportation, food, activity, and considers other state funding	115,000	
30	1	Reduce GF funding of Accessory Dwelling Unit Grants	100,000	
31	1	Zach Gorden - eliminate recently created Youth Development Leader	71,400	
32	1	CBJ Administration - eliminate .5 FTE of administrative support	50,000	
33	1	Library - non-specific spending reduction	50,000	
34	1	Mayor and Assembly stipend reduction by 25%	34,500	
Revenue				
Item #	Agreement	Idea	Operating	One-Time
	4	Land or Building Sales at Market Value - one time revenue		
35		(1) Sell Mayflower building		
36		(1) Sell parking lot at Gold St and 8th		287,000
37		(1) Sell Eagle Valley Center		
38		(1) Sell Dimond Park Landscaping Building		
39	2	Utility Rate Increase to offset/decrease GF Support		
40	1	Lease Douglas Fire Station		
41	1	Create Cat License requirement/program to offset costs of funding animal control.		
Other Ideas				
Item #	Agreement	Idea	Operating	One-Time
42	2	Reduce funding for Downtown Parking Fund - does not create savings		



Office of the City Manager

155 Heritage Way
Juneau, Alaska 99801
PHONE: (907) 586-5240
FAX: (907) 586-5385

TO: Assembly Finance Committee
FROM: Katie Koester, City Manager
DATE: April 20, 2026
RE: FY27 Service Reduction Summary

I would like to highlight a few of the items included in the FY27 Service Reduction Summary. It is encouraging to see so many areas of alignment within the body at the outset of this process. Some of the ideas can result in immediate savings on the first day of the fiscal year; some can be implemented over the course of FY27 with some savings; while others can be put in motion with the benefit being realized in due time. The manager's office spent the last few weeks answering lots of "what-if" questions regarding different budget reduction scenarios. Thank you for taking the time to understand and be thoughtful about the reductions. As you coalesce around options, staff will prepare more refined summaries of those impacts. The purpose of this memo is to provide you with high-level context for this first wave of decision making.

There are three true City-based service reductions included near the top of the agreements surrounding Juneau Pools, the Dimond Park Field House and the Juneau-Douglas City Museum. The city museum is the only facility where we could easily divest the property (transferring it to the state capital complex). The pools would be much more difficult to do anything but keep mothballed and the Field House would likely sit vacant unless a community group organizes to take it over.

It is important that the Affordable Housing Fund (AHF) issue a request for proposals annually. The more we can establish reliability with the builder community that the AHF is a resource, the more success we will see as they build it into their planning efforts. However, a reduction of support to the Affordable Housing Fund as proposed (~\$200K) would leave sufficient fund balance for the annual grant process to continue. The fund is designed to be self-sustaining after time with ongoing repayments of loans.

Several ideas for divesting of facilities were submitted. Sale of the Mayflower Building (where Juneau Montessori School is located), the Eagle Valley Center and Mount Jumbo are all three that make sense based on cost, use and upcoming maintenance needs. Staff has put the most thought into the closure of Mount Jumbo (where the CBJ Building Maintenance division is currently located). The most meaningful operational savings of moving building maintenance out of Mt. Jumbo and to Marie Drake would be the ability to dedicate ~650 hours of workhours saved in drive time and Mt Jumbo maintenance to other CBJ maintenance priorities.

Various ideas were presented around reductions to CBJ Parks and Landscape Maintenance. It is difficult to articulate the full impact of reductions in these areas. We don't track how many people use the parks, and in many cases, there are not organized constituencies to advocate for them. But they are our facilities and keeping the ballfields maintained, playgrounds inspected and safe, bathrooms open,

trashcans emptied, and the cemeteries mowed come with ownership. The flower program is under scrutiny, but for the most part flowers are funded through Marine Passenger Fees and donations, so the opportunity for general fund savings is low (\$20K). Outsourcing services is always an option, however we do not know what those contracts would cost or how they would be managed to guarantee control and responsiveness.

A few ideas came forward as various reductions in expenses. I want to provide additional context for the desire to reduce travel and training by 26% or \$410,000. Many of the specific line items in the budget are covered by grants or non-general funds. This means a dollar reduction of \$410,000 in just GF would be 37% reduction in general fund travel and training. Furthermore, some training (Smith training for Transit operators, for example) is mandatory and further limits departments where significant savings can be found. Police and Fire make up half of all general fund travel and training and would need to be reduced to achieve meaningful savings in that line item.

A couple of members suggested raising utility rates to relieve the general fund (sales tax) from supporting utility infrastructure work. This is a rational approach and would require Assembly action. As a reminder, the body voted to buy down utility rate increases by committing to spending just under \$9.4M in sales tax (previously dedicated to major street rehabilitation) over the next five years. This means that you could increase utility rates and transfer an average of \$1.9M to operating costs annually, continuing to push out street projects into the future.

One idea included transitioning prosecution duties back to the State and a combination of reducing Law staff and contracts and converting some staff to civil work. We are seeing a decrease of cases, as well as steeply increasing cost for public defender services. It is a policy call as we know that prosecution handled at the local level will get the attention CBJ desires; however it is also an expense that can be shifted back to the State. At a savings of \$935,000 annually, this option deserves a close look.

Finally, the last idea I will comment on is the idea of moving CBJ to a 4-day work week with a reduction in hours by staff from a normal 37.5 to 36 hours per week, or 40 hours to 36 hours. This idea, as proposed, would impact all of CBJ government, not just general-funded departments, thus creating a service reduction across the board. As noted, excluded from this reduction as proposed are positions like sworn officers, firefighters, transit operators and water/wastewater operators. Many of the employees performing these core city services work on a different schedule already. If the body wishes to implement this idea, there are many details to work out with CBJ's personnel rules, the various unions, and logistical questions around how to handle leave, holidays and a myriad of other details. The impact on employee morale also needs to be considered; while some will welcome the shorter work week for others longer days and a 4-10% reduction in pay might not work for their families or their lifestyle. This is one where we would appreciate clear direction from the body that it is of interest before we invest in the logistical and operational details to make it work. It is highly likely that the implementation would need to be after the first of the fiscal year given those challenges.



City and Borough of Juneau
155 Heritage Way
Juneau, Alaska 99801
Telephone: 586-5240 | Facsimile: 586-5385

TO: The Assembly
DATE: April 20, 2026
FROM: Mayor Weldon, Assembly Member Hughes-Skandijs, and Assembly Member Steininger
RE: Foregone Revenue

The foregone revenue working group has held several meetings with Finance, Law, and the Managers Office to discuss all items listed in the October 30, 2025, memo from Director Flick. This memo consolidates those discussions and narrows the focus to specific exemptions or revenues where the working group believes the full Assembly should either act or engage in a policy discussion. Omitted are items that are outside Assembly control, areas where the committee felt an exemption serves a clear public purpose, or taxation that would be logistically difficult to enforce.

Recommended for Action:

- Property tax on commercial fixed-wing and rotary-wing aircraft
 - This tax is based on aircraft weight, not value, and has not been adjusted in at least 15 years. Adjusting for inflation would increase revenue by \$29,327.
 - Recommend adjusting for inflation and adding language for future automatic adjustments.
 - Recommend phase-in implementation of CPI 'catch-up' to avoid a sudden jump in tax.

- Property tax on commercial vessels
 - Currently fully exempt from property tax.
 - Recommend establishing similar tax structure to aircraft while located within CBJ. This would be based on vessel length. Revenue potential is unclear as CBJ does not collect data on vessels.
 - Exclude freight vessels, example Samson, AML, and some landing craft.
 - Recommend including language for future automatic adjustments. Utilize an effective date Jan 1, 2027.

- Single good/single service sales tax dollar cap
 - The current limit is \$15,000 and is adjusted for CPI bi-annually. In 2024, \$9.3 million in sales tax was not collected as a result of this exemption.
 - Recommend completely removing the exemption or raising the cap
 - Discuss keeping the exemption for building construction/contractors.
 - Recommend a further discussion of motor vehicles.

- Retail sales by non-profits and governments
 - This is specific to situations when an organization is selling items or services as a business venture. It does not include purchases made by the non-profit. Estimates are very "squishy" but could total \$3.3 million in foregone revenue annually.

- Recommend removing exemption for sales to the general public by non-profits and governments but retain exemption specifically for fund-raising purposes (eg. One-off events or raffle tickets).
- Recommend non-profit second-hand stores be allowed to apply for a bi-annual exemption that requires evaluation of the public purpose of their retail activity.
- Historic property repairs
 - Recommend eliminating this exemption completely.
 - This exemption has not been used in years.
- Goods and services sold onboard cruise ships while outside Gastineau Channel
 - Recommend eliminating this exemption completely.
 - Look at appropriate boundaries to include the backside of Douglas, such as Pt. Arden to southern tip of Shelter Island.
- Commissions paid to sales agents for tangible personal property, other than real-property.
 - Recommend eliminating this exemption completely. Examples would be multi-level marketing sales.
 - Assembly should discuss if this serves a public purpose.
- Travel agent commissions
 - Recommend eliminating this exemption completely.
 - Exempts the portion of a sale that is associated with a commission and not the travel or tour service.
 - Assembly should discuss if this serves a public purpose.

Policy Discussion Needed Prior to Action

- Senior hardship exemptions
 - Consider setting a new income level and pair that with a cap based on the property tax of the median single-family home in that year.
 - Recommend discussing the reasons for approving a late file requests.
 - Assembly should discuss if the definition of hardship meets community values.
 - Code currently defines "hardship" level of income as 120% of median household income. Median household income for a 2-member home is just over \$100 thousand defining "hardship income" as approximately \$120 thousand per year. Home value is not considered as part of exemption criteria.

New Revenue Options to Discuss

- CBJ Business Licenses
 - Will bring in revenue but will also need staff, software, and an enforcement mechanism.
- Local MVRT Registration Requirements
 - Review current registration requirements and option to implement MVRT registration requirements for tour busses and commercial vessels. Alternatively, as part of the above, review whether tour operator licenses would be beneficial.



DATE: October 30, 2025
TO: Chair Woll and the Assembly Finance Committee
FROM: Angie Flick, Finance Director
SUBJECT: **Foregone Revenue**

155 Heritage Way
Juneau, AK 99801
Phone: (907) 586-5215

The purpose of this memo is to provide an overview of the tax exemptions, tax credits and other forgone revenue as it relates to property and sales tax. The Assembly Goals and Implementing Actions approved on February 3, 2025 includes this action under the goal 3 Sustainable Budget and Organization: Examine purpose and effectiveness of city tax code and policies resulting in tax exemptions, tax credits, or any foregone revenue.

Before getting into all the various exemptions, the goal for tonight is to either plant the seeds for future conversations, or to have the AFC determine if there are certain items where they want more information and potential action to be taken up a later AFC meeting. The rest of this memo is a listing with some commentary on the various exemptions.

Breaking up the various exemptions, credits and programs is a bit challenging. There are 50+ exemptions/credits in code today, which will increase with the newly voter-approved exemptions; plus 1 program. Due to the relationship to this topic, I have also included one property tax area that is challenging. Some of these exemptions feel abstract, so where possible, I have included a real-life example. The organizations, properties or businesses reflected in this memo are purely to illustrate the type of exemption to increase the understanding or application of the exemption.

The easiest section to break out of the list are the ones that the Assembly does not control.

1. Property developed with federal funds for low-income housing or managed as low-income housing by the Alaska Housing Finance Corporation (CBJC 69.10.020). This includes Low Income Housing Tax Credit (LIHTC) in which the developer receives a federal tax credit for a period of time as long as the property is used for low income housing. These properties' values are determined on actual income and expense rather than market income and expense. Examples include Volunteers of America or Gruening Park.
2. Properties for education, hospital, religious, cemetery, or charitable purposes are tax exempt. The property must be used for the designated purpose in order to be tax exempt. Examples include churches, SEARHC or the Glory Hall.
3. Farm Use properties have an exemption per the State. They are valued at 10% of non-farm use properties.
4. Seniors and Disabled Veterans receive a State mandated property value reduction of \$150,000 (29.45.030e). Oral history indicates the State was supposed to compensate cities/boroughs for lost revenue due to this requirement. This does not happen at the current time.
 - a. Component the Assembly does control: there is a deadline by which seniors and disabled veterans are required to apply each calendar year for this exemption. The Assembly can accept late applications and direct the Assessor and Treasurer to make the appropriate value and tax adjustments. For calendar year 2024 (fiscal year 2025), the Assembly approved 69 late applications, reducing property tax revenue by \$151,700. So far in 2025, 55 late applications (26 senior, 5 disabled veteran and 24 hardship) have been approved resulting in a property tax

reduction of \$104,200. These figures include the hardship exemption as well as the mandated senior and disabled veteran exemptions.

5. Sales tax exemptions are extended locally where prohibited by federal or state laws. Examples include insurance policies and air transportation.

The next grouping reflects a set of exemptions or credits or rebates that are based on a dollar threshold and most do not have an inflator, sunset or time of reset prescribed. These are not mandated and are at the discretion of the Assembly.

6. Commercial fixed-wing and rotary-wing aircraft is a flat tax based on weight (CBJC 69.10.015). The tax has not been adjusted in at least 15 years and it is not adjusted by CIP or other index. Examples include Ward Air airplanes or Temsco helicopters.
7. Personal Property (or Business Personal Property (BPP)) not otherwise exempt of \$100K. The easiest way to define this category is all the things you can take out of building, that is not the merchandise for sale. In the case of a restaurant, BPP would include refrigerators, stoves, cooktops, tables and chairs, all the items needed for serving, etc. but not the food. This exemption generally allows smaller businesses to avoid a tax liability for their BPP. The \$100K has not changed since the exemption was implemented and is not adjusted by CPI or other indexes.
8. Senior or Disabled Veteran Hardship Exemption is a program that adjusts the property tax due based on the median household income, which includes all members of the household (CBJC 69.10.021). The underlying value of the property does not play a role in determining approval of the exemption.
9. Senior Citizen Sales Tax Hardship Rebate is a program where approved applicants receive \$325 as an annual rebate disbursed from the sales tax fund. This rebate is based on the senior's income against the poverty level.
10. Dollar cap on the sale of a single good or a single service performed within a one-month period. This cap is set at \$14,300 and is adjusted every two calendar years by CPI, and will increase next in 2026. The idea of a sales tax cap is unique to Alaska jurisdictions. This is likely one of the largest areas of foregone sales tax revenue.

The next grouping reflects a set of property tax exemptions or credits or rebates that are on a series of property that does not follow a home/business process of titling or property transfer. These are not mandated and are at the discretion of the Assembly.

11. Motor vehicles not used for commercial purposes such as a personal car or motorcycle. These vehicles are not tracked by CBJ.
12. Vessels such as boats (commercial or personal) from skiffs to yachts to fishing boats. Vessels are not tracked by CBJ.
13. Non-commercial airplanes and aircraft such as a floatplane owned by an individual. These aircraft are not tracked by CBJ.
14. Manufactured homes are taxed as real property just like a single-family home. However, sale and transfers of manufactured homes are not processed through the State like a single-family home. Rather they are licensed by the Department of Motor Vehicles or transferred by bill of sale. Because of their licensing rather than deed, it is very difficult to track current owners of manufactured homes. The result is there are many disputes regarding current or past property tax amounts that result in a higher proportion of write-offs (non-collection of any property tax) compared to other types of real property. Manufactured homes are included in this memo because of their relationship to the topic of lost revenue, although there is not an exemption in place for these.

The next grouping reflects a set of exemptions or credits that are related to health or other areas of required expense in the journey of life. These are not mandated and are at the discretion of the Assembly.

15. Airplanes or aircraft exclusively for medical transportation (CBJC 69.10.020). This is a property tax exemption.
16. Burial related items such as funeral services and cemetery plots. This is a sales tax exemption.
17. Sales tax exemptions on:
 - a. Medical services and prescription drugs and services from a licensed/certified medical provider
 - b. Wheelchairs, hearing aids and crutches
 - c. State licensed/certified counseling services and assisted living services

The next grouping reflects a set of exemptions or credits that are related to non-profits or uses that were likely deemed as “good for the community”. These are not mandated and are at the discretion of the Assembly.

18. Property used for community purposes or non-profits are generally exempt from property tax if the rental for their space does not exceed the cost. Examples include the Filipino Hall or Echo Ranch.
19. Sales tax exemptions include:
 - a. Membership dues paid to nonprofit organizations with 501(c) status from the IRS
 - b. Purchases made by nonprofit organizations holding CBJ nonprofit exemption certificates
 - c. Sales made by nonprofit organizations holding CBJ nonprofit exemption certificates
 - i. Note – this exemption does not distinguish between store-front operations acting like a business or the one-off fundraising event.
 - d. Purchases made by governments or their political subdivisions
 - e. Sales made by governments or their political subdivisions, excluding the sale of pull tabs
 - i. Note – this exemption does not distinguish between store-front operations acting like a private business or regular government operations
 - ii. While CBJ falls under this exemption, several businesslike activities conducted by CBJ are called out as taxable, such as use of the recreation facilities operated by Parks & Rec, bus fares and passes, facility rentals, water/sewer utilities, port and harbor sales.
 - f. Fund-raising by school-approved groups and sales in school cafeterias
 - g. Nonprofit youth recreation camps

The next grouping reflects a set of exemptions or credits that are related to the flow of goods through CBJ or transient property. These are not mandated and are at the discretion of the Assembly.

20. Any aircraft in Juneau for repair and not used for revenue generation is exempt from property tax. This can be thought of as an aircraft owned by someone in Gustavus that is in Juneau for repairs.
21. Business inventory is exempt from property tax. Examples include all the items on the shelf of the grocery store that a customer is going to purchase.
22. Goods ordered from outside CBJ when the items are shipped outside of CBJ by common carrier. For example, someone from Hoonah called Fred Meyer and places an order that is shipped by Fred Meyer to the purchaser in Hoonah.
23. Printing services destined for outside the borough. Example brochures are printed locally for Haines and shipped to Haines for use.
24. Services sold to a buyer registered with CBJ for resale when the service is separately identified on a bill to the final customer, such as a subcontractor. The contractor will bill the end customer for sales tax, the subcontractor does not need to charge the contractor sales tax.
25. Tangible personal property for resale to a buyer with a valid CBJ resale of goods certificate. An example is a situation where candy bars are purchased by someone with a valid CBJ resale card at Costco, then turned around and sold in a hotel gift shop.
26. Sales by transportation companies of transport of goods to or from a point outside CBJ.

27. Advertising services placed from outside CBJ placed simultaneously in five or more states.

The next grouping reflects a set of exemptions or credits that are under the umbrella of economic development. These are not mandated and are at the discretion of the Assembly.

28. Part of real or personal property used in manufacturing has a property tax exemption with criteria managing the exemption amount. A hypothetical example is the Alaska Brewing company buys a new still worth \$100K. It is fully exempt in year 1. Then decreases in exemption after that for the rest of the 5 years.
29. Property tax exemption for economic development (69.10.023). CBJ has typically used this for the development of property. Torrey Pines is an example of this exemption.
30. Subdivided property into 3 or more lots is valued as if it were still one parcel for up to five years. An example is the area next to the airport which is subdivided and being developed and has Global Credit Union and Juneau Greens in the area.

Finally, there is a potpourri of exemptions that are not mandated and are at the discretion of the Assembly. The first is property tax related and the rest are sales tax related.

31. Historic property repairs and certain other repairs and rehabilitations provide for some property tax exemptions. CBJ has not had anyone apply for these exemptions in years.
32. Casual and isolated sales are not pursuant to a business license. This is related to the random yard sales or sale of your personal car.
33. Childcare, pre-elementary school and babysitting services are exempt from sales tax.
34. Goods and services provided under a warranty.
35. Construction services and construction materials incorporated in a site when purchaser has a current building permit and holds a current CBJ builder sales tax exemption card.
36. Purchases for personal use by senior citizens who display CBJ senior exemption card at time of purchase (food and utilities).
37. Sales tax paid on lease/purchase agreements credited on exercise of a purchase option.
38. Commercial real property lease payments from a lessee to a lessor having identical legal composition as certified by a CBJ rental exception certificate.
39. Commissions paid to sales agents for negotiating sales or leases of tangible personal property (does not apply to real property).
40. Certain sales to the gubernatorial inaugural committee.
41. Lobbying services are tax exempt.
42. Services and fees charged by financial institutions.
43. Travel agent commissions - The commission charged by an agent for the sale of travel, lodging or tours to the performer of the service. The commission exemption does not apply to the retail price of the travel, lodging or tour charged to the consumer.
44. Aviation fuel and fuel delivery services at the Juneau International Airport.
45. Residential rentals other than transient room rentals.
46. Goods & services sold onboard cruise ships while the ship is outside of Gastineau Channel.
47. Portion of local travel/adventure services sold outside CBJ not remitted to local provider