

## TAX PROPOSALS:

# What Residents Need to Know

The Matanuska-Susitna Borough is evaluating several tax proposals that could change how the Borough funds services like roads, schools, and emergency response.

### HOW DECISIONS ARE MADE

- ▶ All proposals except for the gravel tax **require voter approval.**
- ▶ **Gravel tax maybe adopted by the Assembly.**
- ▶ Community feedback plays a key role in shaping these decisions.



### Areawide Sales Tax (6.5% Areawide)

[OR 26-032](#)

This proposal would introduce a 6.5% sales tax across the entire Borough and set the areawide property tax mill rate to zero. While this removes one layer of property tax, it does not eliminate property taxes entirely, as other local mill rates would still apply, such as road services, fire service, and special service areas.

Under this proposal, more of the tax burden shifts from property ownership to everyday spending. It would generate approximately \$125 million annually. FY2027 areawide property taxes are projected to generate approximately \$130 million.

<b>What Is It</b>	All purchases across the Borough; added on top of existing city sales taxes minus key exemptions as outlined in the ordinance
<b>What Is Changes</b>	Replaces the current areawide property tax (0 mill rate)
<b>Property Tax Impact</b>	Reduces property taxes but does not eliminate them because non-areawide, city, fire, road and special service mill rates are still in place
<b>Potential Key Exemption</b>	Seniors; 100% disabled veterans; if included in ordinance would reduce projected revenues by approximately \$30 million
<b>Estimated Impact</b>	Generates about \$128 million
<b>What It Means</b>	Shifts more of the tax burden from property taxes to spending
<b>How It Would Be Approved</b>	Ballot proposition



## Gravel (Severance) Tax

[OR 26-058](#)

This proposal would add a \$0.25 per ton as opposed to the tax on gravel extraction, which would primarily affect companies involved in resource extraction. The first 150,000 tons are exempt. Would result in an estimated \$956,000 revenue annually.

<b>What Is It</b>	A \$0.25/ton tax on gravel extraction
<b>Who It Applies To</b>	Gravel producers
<b>What It Changes</b>	Adds a new industry-specific tax
<b>Property Tax Impact</b>	No direct impact on property taxes
<b>Key Exemptions</b>	First 150,000 tons per year are exempt
<b>How It Would Be Approved</b>	Assembly Adoption



## Marijuana Tax Increase

[OR 26-061](#)

This proposal would increase the existing marijuana tax from 5% to 10% doubling the current rate on those sales. It would apply to marijuana purchases within the Borough. Would result in a revenue increase of \$3.2 million annually.

<b>What Is It</b>	Increases the current marijuana tax from 5% to 10%
<b>Who It Applies To</b>	Marijuana sales within the Borough
<b>What It Changes</b>	Raises the existing tax rate
<b>Property Tax Impact</b>	No direct impact on property taxes
<b>Key Exemptions</b>	None specified
<b>How It Would Be Approved</b>	Ballot Proposition



## Alcohol Tax (Up to 10%)

[OR 26-062](#)

This proposal would introduce a new tax on alcoholic beverages, similar in structure to the existing marijuana tax. The rate would be set to 10%, although it may be limited to 5% due to state laws if the marijuana tax is not increased to 10%. Would result in an estimated revenue increase of \$6 million to \$15 million.

<b>What Is It</b>	A new tax on alcoholic beverages, up to 10%
<b>Who It Applies To</b>	Alcohol sales within the Borough
<b>What It Changes</b>	Introduces a new excise style tax
<b>Property Tax Impact</b>	No direct impact on property taxes
<b>Key Exemptions</b>	None specified
<b>How It Would Be Approved</b>	Ballot Proposition