

May 20, 2025

To: The Honorable Members of the Nome Common Council

Subject: Proposal for Consideration of a New Tax Structure

Dear Members of the Council,

I write to respectfully request your consideration of a revised tax structure for the City of Nome—one that addresses our current revenue deficit while easing the burden on local residents.

Currently, approximately \$200 of monthly household rent in Nome is attributed to property taxes. By transitioning to a sales-tax-only structure, this financial burden could be lifted, returning that \$200 per month to those who need it most—Nome residents. These savings would likely be reinvested into the local economy, increasing consumer spending and thereby boosting the city's sales tax revenue.

Analysis suggests that if the City of Nome were to reduce the property tax rate to 0% and raise the sales tax to 8.5%, overall city revenue would remain slightly ahead of the current structure. Increasing the sales tax to 9.5% could generate an additional \$2 million annually. In the first year of implementation, the city could collect nearly \$4 million in additional revenue due to the one-time overlap with existing property tax collections—a temporary but helpful "double dip."

A sales-tax-only model offers multiple advantages:

- **Equity:** It does not disproportionately affect those using SNAP or other welfare programs, as qualifying grocery purchases remain tax-exempt.
- **Progressivity:** Higher-income earners typically spend more, and thus contribute more through a sales tax.
- **Economic Responsiveness:** This model automatically adjusts for inflation and encourages fiscal discipline by linking city revenue more closely to economic performance.
- **Growth Incentive:** Eliminating property tax incentivizes new construction, helping to alleviate Nome's current housing crisis.

As a resident and engaged member of the community, I conducted a poll in March within the Facebook group *Nome P.S.A.*, which includes 1,800 members. Of the respondents,

93% favored eliminating property tax and raising sales tax. Only one respondent favored increasing property taxes—and that individual neither owns property nor can vote in Nome elections.

I urge the Council to explore this option thoughtfully. It offers a fiscally responsible, equitable, and community-benefiting path forward. Thank you for your time and consideration.

Respectfully,

Douglas Doherty

P.O. Box 1891

Nome, AK 99762

Nome Resident

A handwritten signature in black ink, appearing to read "Douglas Doherty", written over the printed name.