Sales Tax Exemption for Nonprofit Organizations in the City and Borough of Juneau (CBJ)
Testimony submitted to the CBJ Assembly
September 14, 2026

My name is Mike Walsh, and I am Vice President of Public Policy for The Foraker Group. Foraker serves as Alaska's state nonprofit association and provides capacity-building services for nonprofits and tribes around the state. We also provide the most current research on Alaska nonprofits and the nonprofit sector and advance nonpartisan public policy issues impacting Alaska's nonprofits at all levels of government. It is this public policy role that brings me here tonight to provide testimony on the proposed sales tax exemption, ordinance 2026-32(b).

Foraker has worked at the intersection of taxation and Alaska nonprofits for many years, so we have extensive experience on how this works (or does not work) in various communities. Tonight, we share our thoughts and concerns on behalf of Alaska's nonprofits generally, as well as those in Juneau that are the backbone of your economy and a significant economic driver in your community. Data from our latest economic report in 2023 shows the 387 nonprofits in Juneau constitute roughly nine percent of CBJ's employment base and seven percent of total wages. These nonprofits provide programs and services vital to the safety net, quality of life, culture, and economic health in Juneau. And they are joined by thousands of nonprofits that make their way to the Capitol every year to represent their missions and do business in your city.

We appreciate that some effort has been made to recognize the contributions the nonprofit sector already makes to Juneau and to perhaps recognize that every dollar nonprofits generate goes to providing for the community, thus saving the city money. However, we remain deeply concerned with the proposal to charge tax on the mission-related revenue from nonprofit sales.

To be sure, the IRS, through the federal tax form 990, already has a mechanism to track unrelated business income and has deemed that to be taxable in most cases. This proposal disregards those existing measures and instead creates a whole new Juneau-only standard. We are not only against this for Juneau-based nonprofits but also for the precedent it could set for other communities.

As someone who has been involved in public policy in Alaska for over three decades, there's one thing I know – rushed public policy is often bad public policy. This ordinance is moving too fast to develop solid tax policy that will stand the test of time. In talking with dozens of Juneau nonprofits and conducting our own research, we have found that the negative impacts will significantly outweigh the benefits.

We are also concerned that most of the discussion has been on "how" the policy will be implemented and, therefore, has focused on several exceptions and rabbit trails. While the

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exceptions are fine, this misses the larger issue of "why" nonprofits should be excluded from this conversation entirely.

Based on our data and experience, we maintain that CBJ is missing the point that nonprofits in your community exist to fill needs and provide services government and the for-profit sector either cannot or will not provide. These include social services, the arts, education, youth sports, culture, and so much more. And for every dollar you take from nonprofits through taxes, there is less mission delivery and more administrative burden both for them and for you. Additionally, any tax on sales will stifle philanthropy and other funding investments in the very nonprofits that you need and the people want in the community.

Furthermore, when nonprofits generate revenue through sales, they are, by law, required to reinvest it in mission and that means reinvesting it in the community and people they serve. There is no such equivalent requirement for businesses that operate for a profit. Taxing sales of nonprofits just means less mission, less investment, and less leveraging of other funding. What good comes from less?

A fair local tax policy must acknowledge Alaska's nonprofit sector as a vital part of the state and local economy. Both collectively and individually, nonprofits are focused on ensuring the people in Juneau remain safe, healthy, and vibrant.

We appreciate the efforts of the assembly to explore new revenue opportunities during these uncertain times – nonprofits in Juneau, across Alaska, and throughout the country are doing exactly the same thing. However, drastically reducing the long-supported exemptions for nonprofits is not the place to look, especially with proposed ordinance changes that seem rushed, add undue administrative burden for most nonprofits and on CBJ, arbitrarily target charitable fundraising, and fail to acknowledge overall the essential role of nonprofits in making Juneau the incredible community it is.

We are proud to stand beside the many nonprofits who are here tonight and who have engaged in this policy discussion throughout the process. We are ready to assist the assembly and CBJ officials with any support they may need to ensure a fair tax policy.

Thank you for the opportunity to speak tonight.

Respectfully submitted,
Mike Walsh
Vice President of Public Policy