



CITY OF WASILLA

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COUNCIL MEMORANDUM NO. 90-26

FROM: Deputy Administrator

DATE: April 3, 1990

RE: Draft Ordinance Discontinuing Property Tax


The enclosed draft ordinance is presented for consideration as part of the Mayor's proposal for a sales tax referendum. The purpose is to demonstrate a method to discontinue the real and personal property tax. Obviously a future Council could rescind the ordinance but it would require public hearings and may prove very difficult to reinstate property taxes.

A second part of the sales tax proposal is to reduce property taxes imposed by the Borough to less than those for property owners outside the City. This could be accomplished by the City contracting for services by the Wasilla Fire Service Area in the same manner as we now contract for solid waste and animal control. The reduction would be .7 of one mill, plus the reduction of the City mill levy (3.3 - FY89), resulting in a mill levy of 9.2 (Borough areawide). The FY89 Borough mill levy for an area outside of any service area was 10.86. The cost to the City for the fire service fee would be around \$200,000.

The monies generated by a 3 percent sales tax are estimated to be in excess of \$2 million annually. The FY89 property tax levy of 3.3 mills will only produce about \$630,000. The Council could use our existing capital improvement project priority list or, through public hearings, revise the projects and priorities to be funded. Storm drainage and street paving would probably be important items. Approximately \$1 million a year should be available for projects.

If the sales tax proposal is approved by the voters, we would plan to begin collection in January 1991 and not levy the FY93 property tax. This would lead to a situation where the funds would be collected prior to setting the annual budget. The Finance Director has enclosed a time schedule depicting the sequence.

Recommend that Council approve the Mayor's proposal and direct that the question of a 3 percent sales tax be placed on the October regular election ballot.



Robert E. Harris
Deputy Administrator

ORDINANCE SERIAL NO. 90-

AN ORDINANCE OF THE CITY OF WASILLA, ALASKA PERTAINING TO THE ELIMINATION OF CITY IMPOSED PROPERTY TAXES FOLLOWING ENACTMENT OF A CITY SALES TAX.

BE IT ORDAINED AND ENACTED BY THE CITY OF WASILLA, ALASKA AS FOLLOWS:

SECTION I. Classification. This ordinance is of a general and permanent nature and shall become a part of the Wasilla Municipal Code.

SECTION II. Purpose. To amend WMC 2.36 to discontinue property tax levies.

SECTION III. Amendments.

(1) Section 2.36 is hereby numbered 2.36A.

(2) There is hereby added to the Municipal Code of Wasilla 2.36 B which is to read as follows:

B. Levy of Property Tax. The City of Wasilla shall impose no real or personal property taxes upon owners of property in the City of Wasilla. This provision shall remain in effect for so long as a minimum of a 3 percent sales tax is imposed and collected by the City of Wasilla.

SECTION V. This ordinance shall become effective one year from the date of the enactment and implementation of collection of a sales tax by the City of Wasilla.

Introduction: _____.

Public Hearing: _____.

ADOPTED by the Council of the City of Wasilla on this _____ day of _____, 1990.

JOHN C. STEIN, Mayor

ATTEST:

Erling P. Nelson, CMC
City Clerk

(SEAL)

SALES TAX IMPLEMENTATION
FORWARD FUNDING

90	FY 91	FY 92	FY 93
<p>Calendar Year 1990</p> <p>Jul Aug Sept Oct Nov Dec</p>	<p>Calendar Year 1991</p> <p>Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec</p>	<p>Calendar Year 1992</p> <p>Jan Feb Mar Apr May Jun July Aug Sep Oct Nov</p>	<p>Calendar Year 1993</p> <p>Jan Feb Mar Apr May Jun July Aug Sep Oct Nov</p>
<p>Sales Tax</p> <p>Passes Regular</p> <p>Election</p>	<p>← Last property tax funds FY 92 →</p> <p>← Rev. collected during CY 91 for FY 93 →</p> <p>← Rev. collected during CY 92 for FY 94 →</p>	<p>← Last property tax funds FY 92 →</p> <p>← Rev. collected during CY 91 for FY 93 →</p> <p>← Rev. collected during CY 92 for FY 94 →</p>	<p>← Last property tax funds FY 92 →</p> <p>← Rev. collected during CY 91 for FY 93 →</p> <p>← Rev. collected during CY 92 for FY 94 →</p>
<p>Mill Rate</p> <p>Funds</p> <p>FY 91 Budget</p>	<p>← Last property tax funds FY 92 →</p> <p>← Rev. collected during CY 91 for FY 93 →</p> <p>← Rev. collected during CY 92 for FY 94 →</p>	<p>← Last property tax funds FY 92 →</p> <p>← Rev. collected during CY 91 for FY 93 →</p> <p>← Rev. collected during CY 92 for FY 94 →</p>	<p>← Last property tax funds FY 92 →</p> <p>← Rev. collected during CY 91 for FY 93 →</p> <p>← Rev. collected during CY 92 for FY 94 →</p>