



## CITY OF WASILLA

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### COUNCIL MEMORANDUM 92-74

FROM: Mayor  
DATE: July 22, 1992  
RE: Sales Tax-Police Election

Because of the strong interest shown at the 7/13 town meeting and Council's expressed concurrence, administration is proceeding with work on these issues. We will develop proposals for an ordinance and ballot proposition for the sales tax and an advisory question on police for consideration August 10.

A recent supreme court ruling has affected the collection of sales taxes from customers doing business with firms located outside a jurisdiction. Attorney Dick Deuser and staff will develop a new tax ordinance draft which accounts for the recent changes in law and experience of other Alaska cities.

We suggest that Council give direction on the sales tax rate (2%?) and policies on exemptions (if any) and consideration of any associated property tax cap. Staff would prepare an ordinance for introduction on August 10 along with a resolution to place the tax question on the ballot.

Council has also expressed interest in an advisory ballot on police which can be drafted and presented for approval on August 10.

We suggest the following sequence of events:

DATE	ACTION
July 27	Give policy direction on tax vote, exemptions, police advisory question, develop strategy on public reformation, borough tax.
August 10	Introduce tax ordinance, adopt resolutions placing tax and police questions on ballot.
August 24	Public hearing on tax ordinance.
September 14	Adopt tax ordinance.
October 6	Municipal election.

October 12	Certify Election
January 1	Implement tax, hire contract police official.
February - April	Develop codes, organization, budget.
May	Adopt FY93 police budget.
July	Establish police department.

If a sales tax passes then a contract police official could be hired early in 1993 to help Council prepare the Municipal Code, develop an organization and operating plan and prepare a budget. A chief and operating personnel could be hired at the beginning of FY94 on July 1.

Council and Administration should strive at once to provide accurate public information through many media to educate the public on the issues of tax and police.

At this time administration respectfully requests Council direction on (1) tax rate; (2) tax exemption policy; (3) police advisory question; (4) public information policy and; (5) City position on the proposed borough sales tax.



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John C. Stein, Mayor

JCS:jvg

Attachments: Exemptions  
Sales tax revenue estimates  
Borough tax IM92-22  
Resolution WR92-38, 2% Tax  
Resolution WR92-39, Police Advisory

SALES TAX EXEMPTIONS

\* Mandated Exemptions

State (AS29.45.650)

Purchases made with food coupons, etc.

Sales to orbital and space propulsion facilities.

Federal

Interstate transportation.

Exempt entities

Sales to U.S., State, Cities, other exempt.

Wholesale, sales for later resale.

\* Practical Exemptions (too expensive to collect, enforce)

Casual sales not in usual course of business.

Sales by firms with less than \$1500 gross annual sales.

Club dues and fees.

School events.

\* Economic Exemptions (optional)

Residential rents except hotel, transient.

Medical, dental, prescription, prosthetic aids.

Cemetery-Mortuary.

Child care, babysitting, pre school.

Senior citizens.

Bulk farm, feed, seed fertilizer.

SALES TAX REVENUE ESTIMATE

PALMER

Rate 2%  
Annual receipts \$1,000,000 - approximate  
Population 3300  
Business Licenses 690  
\$/%/yr = \$500,000

SOLDOTNA

Rate 3%  
Annual receipts \$2,912,700  
Population 3733  
Business Licenses - unknown  
\$/%/yr = \$971,000

WASILLA

Rate 2% proposed  
Annual Receipts Estimated \$2,000,000  
Business Licenses 725  
\$/%/yr = \$1,000,000

JCS:jvg