



CITY OF WASILLA

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INFORMATION MEMO 92-22

TO: Council
FROM: Mayor Stein *JS*
DATE: July 21, 1992
RE: Borough Sales Tax

The Borough Manager has recommended the introduction and August 4 public hearing on an ordinance to:

- * Levy a 3% borough wide sales tax on rentals, services and retail sales.
- * Provide for a tax sunset clause effective 1997.
- * Eliminate the property tax on business inventories.
- * Lower the borough property tax to 10 mills for FY94.

Borough AM92-225 and ORD 92-078 are attached.

Staff recommends that the Council consider a position opposing the Borough Ordinance because it will adversely affect any City sales tax proposed. It forces the City to exempt business inventories to remain competitive. It places an additional tax burden on real property and sales tax that would have been carried by business.

Attachments: as noted

JCS:jvg

MATANUSKA-SUSITNA BOROUGH
ORDINANCE SERIAL NO. 92-028

AN ORDINANCE OF THE ASSEMBLY OF THE MATANUSKA-SUSITNA BOROUGH LEVYING A 3 PERCENT TAX ON SALES, SERVICES AND RENTALS WITHIN THE BOROUGH AND PLACING THE ISSUE BEFORE THE VOTERS AT THE OCTOBER 6, 1992, REGULAR ELECTION.

Whereas, the Matanuska-Susitna Borough Assembly finds that it is in the best interest of the borough to submit a ballot proposition levying a 3 percent tax on sales, services, and rentals within the borough and requesting the voters to vote on the proposition; and

Whereas, the purpose of proposing the ballot proposition is to generate revenue for the borough.

BE IT ENACTED:

* Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the borough code.

* Section 2. Adoption of chapter. There is adopted a new chapter 3.34.010-.260, reading in part:

CHAPTER 3.34
Sales Tax

3.34.010 Tax levied.

The Matanuska-Susitna Borough shall levy and collect a tax not to exceed 3 percent on sales, services and rentals within the borough.

* Section 3. Submission to voters. The borough clerk is directed to place before the voters at the regular borough election on October 6, 1992, the question of whether the tax adopted under this ordinance should be levied. The ballot proposition submitted to the voters shall read substantially as follows:

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PROPOSITION NO.
Three Percent Sales Tax

Shall the Matanuska-Susitna Borough levy and collect a tax not to exceed 3 percent on sales, services, and rentals within the borough. The sales tax shall be effective on January 1, 1993 and will expire on December 31, 1997 unless re-approved by the voters at an earlier held election presenting the question of renewal of the sales tax to the voters. Upon approval of ballot proposition No. _____ the borough assembly shall, by ordinance, exempt from taxation all business inventory effective January 1, 1993 and shall limit the real property areawide mill levy for fiscal year 1994 to 10 mills.

* Section 4. Effective date. Section 2 of this ordinance shall take effect on January 1, 1993, if the proposition required by section 3 is approved by the voters; all other sections take effect immediately.

Introduction: _____ Public Hearing: _____

Adopted by the Matanuska-Susitna Borough Assembly this _____ day of _____ 1992.

Ernest W. Brannon, Mayor

ATTEST:

Linda A. Dahl
Borough Clerk
(SEAL)

SALES TAX REVENUE ESTIMATE

PALMER FY91 12-31-91

Rate: 2%
Annual receipts: \$1,029,393
Population: 3008
Business Licenses: 690
\$/%/yr = \$514,696.50

SOLDOTNA FY92 6-30-92

Rate : 3%
Annual receipts: \$2,912,773.00
Population: 3482
Business Licenses: None
\$/%/yr = \$970,924.33

KENAI FY92 6-30-92

Rate: 3%
Annual Receipts: \$2,798,475.00
Population: 6327
Business Licenses: None
\$/%/yr. = \$932,825.00

SEWARD FY92 6-30-92

Rate: 3%
Annual Receipts: \$1,024,000.00
Population: 2699
Business Licenses: None
\$/%/yr. = \$341,333.33

WASILLA

Rate 2% proposed
Annual Receipts Estimated \$2,000,000
Population: 4028
Business Licenses 730
\$/%/yr = \$1,000,000