



CITY OF WASILLA

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INFORMATION MEMORANDUM NO. 97-65

From: Clerk's Office

Date: 10/06/97

Subject: Ordinance Serial No. 97-18, Personal Property Tax

At the regular city council meeting of April 14, 1997, a motion was made by council to delay action on Ordinance Serial No. 97-18 until "either a work-session with the Borough Assembly or Borough action, giving a commitment to reimburse the City of Wasilla for fees lost from revenues derived from the increased vehicle license fee". The Borough has been contacted on several occasions, and to date neither administration or finance have received any feed back on the issue.

The clerk's office requests direction from the council.

ORDINANCE SERIAL NO. 97-18

AN ORDINANCE OF THE CITY OF WASILLA, ALASKA, AMENDING WMC 6.04.080, ADJUSTING THE PERSONAL PROPERTY TAX STRUCTURE TO THE TAX STRUCTURE OF THE BOROUGH AND THEREBY EXEMPTING PERSONAL PROPERTY, EXCEPT MOTOR VEHICLES, AIRCRAFT AND BUSINESS INVENTORY IN EXCESS OF \$250,000.00, FROM THE LEVY OF THE WASILLA PERSONAL PROPERTY TAX.

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

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

SECTION II. Purpose. THE OVERALL INTENT OF THIS ORDINANCE IS TO ADOPT AN ORDINANCE THAT ESTABLISHES PERSONAL PROPERTY TAXATION FOR TYPES OF PERSONAL PROPERTY WITHIN THE CITY OF WASILLA THAT IS IDENTICAL TO THE TYPES OF PERSONAL PROPERTY SUBJECT TO PERSONAL PROPERTY TAXATION BY THE ORDINANCES OF THE MATANUSKA-SUSITNA BOROUGH. AT PRESENT, THIS MEANS THAT THIS ORDINANCE EXEMPTS PERSONAL PROPERTY FROM THE LEVY OF THE WASILLA PERSONAL PROPERTY TAX EXCEPT 1) MOTOR VEHICLES, 2) AIRCRAFT SITED IN THE CITY OF WASILLA AND 3) BUSINESS INVENTORY IN EXCESS OF \$250,000.00. HOWEVER, IT IS NOT THE INTENT OF THIS ORDINANCE TO ADOPT FUTURE MATANUSKA-SUSITNA BOROUGH ORDINANCE AMENDMENTS THAT ALTER THE TYPES OF PERSONAL PROPERTY SUBJECT TO THE LEVY OF THE MSB PERSONAL PROPERTY TAX AS AUTOMATICALLY ALTERING THE PERSONAL PROPERTY SUBJECT TO THE LEVY OF THE WASILLA PERSONAL PROPERTY TAX. FUTURE AMENDMENT OF THE TYPES OF PERSONAL PROPERTY SUBJECT TO THE WASILLA PERSONAL PROPERTY TAX WILL REQUIRE ACTION OF THE CITY OF WASILLA.

SECTION III. Authority. Pursuant to A.S. 29.45.010(b) and A.S. 29.45.560, the City of Wasilla is authorized to levy a property tax, consistent with the law and procedures referred to in those statutes. In turn, A.S. 29.45.050 (b) and (c) further authorizes a municipality to exempt designated personal property. Further, A.S. 29.45.055 authorizes the City to levy a flat tax if that type of property has been exempted pursuant

to an ordinance implementing an exemption per A.S. 29.45.050. Further, A.S. 29.45.050(c)(3) authorizes a city, in a borough, to "adjust its property tax structure in whole or in part to the property tax structure of the borough, including but not limited to exempting or partially exempting property from taxation."

SECTION IV. Enactment. Title 6, Revenue and Finance, Section 6.04.080 is amended to read as follows :

6.04.080 Real and Personal Property Tax.

A. By Ordinance the Council may levy a general property tax in the manner provided for Borough levies in A.S. 29.45.560-29.45.600. The City property tax levy will be subject to the statutory limitations referred to A.S. 29.45.560.

B. Pursuant to A.S. 29.45.050(c)(3), the City of Wasilla hereby declares its intent to adjust the types of personal property subject to tax by the City of Wasilla so as to levy the City of Wasilla personal property ad valorem tax or flat tax on only those types of personal property that are subject to ad valorem or flat tax by the personal tax levy or registration fee(s) of the Matanuska-Susitna Borough. However, it is not the intent of this ordinance to adopt future Matanuska-Susitna Borough ordinance amendments that alter the types of personal property subject to the levy of the MSB personal property tax as automatically altering the personal property subject to the levy of the Wasilla personal property tax. Amendment of the types of personal property subject to the levy of the Wasilla personal property tax will require action of the City of Wasilla. To accomplish this purpose, all personal property shall be exempt from the levy of the Wasilla property tax, except :

(1) Business inventory in excess of \$250,000.00 in value shall be subject to ad valorem taxation at the rate of levy determined pursuant to Sub-Section "C," below, pursuant to the collection practices and procedures of the Matanuska-Susitna Borough;

(2) Aircraft shall be subject to a City of Wasilla flat tax, upon registration of aircraft pursuant to MSB 3.33.005-.050 and 3.33.080 - .120, as follows. The flat tax of the City of Wasilla shall be in addition to the registration tax of the Matanuska-Susitna Borough and shall be in the amount of \$75 per year for a single engine aircraft, hot air balloons and gliders, and \$125 per year for aircraft with two or more engines. For purposes of this section the tail rotor of a helicopter shall not be counted as an engine. The tax is due and payable and shall be submitted to the Matanuska-Susitna Borough finance department with the application for registration or the renewal notice submitted to the Matanuska-Susitna Borough pursuant to MSB 3.33.005-.050 and 3.33.080 - .120. In turn, the City of Wasilla flat tax shall then be remitted by the Matanuska-Susitna Borough to the City of Wasilla;

(3) Motor vehicles shall be subject to the Borough motor vehicle

registration tax, pursuant to MSB 3.15.035(B), levied and collected by the state in accordance with A.S. 28.10.431. As provided by that state law, A.S. 28.10.431(f) requires that money received by the borough shall then be allocated by the borough by ordinance for city, area outside city, and service area purposes within the borough.

[Option to exempt aircraft, if chosen by Council would require removal of the portion, above, referring to the taxation of aircraft - See earlier proposed Ordinance introduced in January]

C. The Council shall by June 15 of each year present to the Borough Assembly a statement of the City's rate of levy unless a different rate is agreed upon by the Borough and City.

SECTION V. Effective Date. This ordinance shall become effective upon adoption by the Wasilla City Council, but is to first apply to the levy of property tax for the 1999 fiscal year - meaning the fiscal year beginning July 1, 1998. This date is chosen to accommodate the procedures by which the levy of the tax is implemented by the procedures of the Matanuska-Susitna Borough.

ADOPTED by the City Council of the City of Wasilla this ____ day of _____, 1997.

SARAH H. PALIN, Mayor

ATTEST:

MARJORIE D. HARRIS, CMC
City Clerk

LAW OFFICE
OF
RICHARD DEUSER

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MEMORANDUM

To: Council Members and Mayor Palin
From: Richard Deuser, City Attorney
Date: February 28, 1997
Re: Introduction of Ordinance to Parallel the Borough's Personal Property Tax;

At the January 27, 1997 Council meeting, a request was made to prepare and present an ordinance that would parallel the Borough's personal property tax structure. That is, the same property that is taxed/exempted by the Borough would be taxed/exempted by the City.

My prior memo of February 19, 1997 noted some of the issues that caused some delay in presenting such an ordinance. I now have feed-back from the Borough staff and the proposed ordinance is presented for introduction.

Some of the issues that influenced drafting choices are highlighted here.

Generally, the City is prohibited from delegating its legislative power to any other entity, such as the Borough. An argument exists that A.S. 29.45.050(b)(3) may authorize the City's code to be deemed automatically changed upon the amendment of a Borough ordinance, dealing with personal property taxation, without further action by the City. First, this is only an argument and there certainly is a contrary view. Second, from a policy viewpoint, I would expect that the City wants to retain its political choice in the event of future changes to the Borough's taxation of personal property. The amount of the tax change, when it becomes operative, and managing logistical implementation issues are all points that are best served if the City is consciously required to amend its own ordinance as future changes occur at the Borough. This draft will require the City to amend its own ordinance to comport with any future changes by the Borough. This implies that the City will need to monitor personal property tax changes at the Borough to coordinate changes to keep uniform.

A new ordinance at the Borough adopts the State law option of registration/fee for automobiles in lieu of personal property tax. The ordinance includes the Borough's own (not the State's) schedule of fee rates. There are questions that now arise as to whether the City may implement its own schedule to run in tandem with the Borough's schedule. The short answer is "probably not." The further question arises as to how the Borough will fulfill its statutory obligation to "allocate" the fee revenue among the cities and service areas within the Borough. This draft does not attempt to anticipate that political decision and simply assumes that this issue will be worked out by other Borough ordinance/resolution action.



Richard Deuser

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