

Requested by: Mayor Keller
Prepared by: Mayor Keller
Meeting date: May 12, 2003
Adopted: May 12, 2003
Vote: Unanimous

**CITY OF WASILLA
RESOLUTION SERIAL NO. 03-15**

**A RESOLUTION OF THE WASILLA CITY COUNCIL IN SUPPORT OF
ALTERNATIVE REVENUE SOURCE(S) FOR THE STATE OF ALASKA WHILE AT
THE SAME TIME SUPPORTING THE RIGHTS OF THE CITIZENS OF WASILLA TO
LOCAL CONTROL OF TAXATION.**

WHEREAS, the City of Wasilla understands and supports the State of Alaska seeking alternate revenue sources; and

WHEREAS, the State of Alaska is considering implementing a state sales tax through House Bill 293 as one of the revenue sources; and

WHEREAS, House Bill 293 states that State exemptions would supercede local municipalities exemptions and that the State would administer and collect sales tax for both the State and local municipalities; and

WHEREAS, the citizens of Wasilla adopted a broad-based tax system in 1993 with limited exemptions in conjunction with a 2 mill property tax cap to fund public safety services, debt service, infrastructure investment, maintenance costs of city facilities and other general government services; and

WHEREAS, the City of Wasilla receives approximately eighty five percent (85%) of its revenue from sales tax (approximately \$8,495,000); and

WHEREAS, the City of Wasilla issued a \$14.2 million dollar general obligation bond to finance the construction of a Multi-Use Sports Complex for the citizens of the Matanuska-Susitna Borough in 2002 in which the debt service is to be funded through a

.5 percent dedicated sales tax with a 10 year sunset clause based on the City of Wasilla's current sales tax code and exemptions; and

WHEREAS, the City of Wasilla has approximately an additional \$10 million of outstanding debt that is paid from the general sales tax revenue; and

WHEREAS, several exemptions have been mentioned in order to pass a sales tax bill including exempting groceries, utilities and gasoline; and

WHEREAS, if these exemptions were forced on the City of Wasilla, the City of Wasilla would lose approximately \$3.5 million in sales tax revenue (over 35 percent of City's General Operating Revenue Budget); and

WHEREAS, such a revenue loss would have a dramatic and devastating effect on the City of Wasilla's economic health and its ability to provide basic services to the citizens of the City of Wasilla and the Matanuska-Susitna Borough; and

WHEREAS, such a revenue loss could also cause the City of Wasilla to default on its general obligation bonds; and

WHEREAS, it is critically important to the City of Wasilla to collect the sales tax revenue in a timely manner for operations of the City; and

WHEREAS, the City of Wasilla has over 10 years of experience administering sales tax collection and has a very streamlined and cost effective system to collect the sales tax revenue; and

WHEREAS, the City of Wasilla's Finance Department has received the "Certificate of Achievement for Excellence" for the Comprehensive Annual Finance Report from the Government Finance Officers Association of the United States of America and Canada since 1999; and

WHEREAS, the City of Wasilla contracts with Mikunda, Cottrell & Co. for an annual audit and this CPA firm's opinion was that the City of Wasilla has complied, in all material respects, with the requirements that are applicable to each state and federal program; and

WHEREAS, due to the fact that efficient sales tax collection systems are in place, the City of Wasilla believes that it would be more cost effective and less intrusive on the businesses of the Matanuska-Susitna Valley for the local municipality to collect and submit the sales tax revenue to the state; and

WHEREAS, local control of sales tax allows each community to control its own destiny and guarantees all freedoms for its citizens afforded by the Constitution of the United States of America as well as the Constitution of the State of Alaska.

NOW THEREFORE BE IT RESOLVED that the Wasilla City Council will only support a statewide sales tax if the local municipalities and their citizens have local control of the exemptions to their local sales tax.

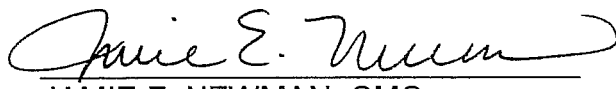
BE IT FURTHER RESOLVED that we recommend to the State that if the State implements a statewide sales tax that it would be more efficient and cost effective for local municipalities to collect the sales tax and submit the revenue to the State.

ADOPTED by the Wasilla City Council on May 12, 2003.



DIANNE M. KELLER, Mayor

ATTEST:



JAMIE E. NEWMAN, CMC
Acting City Clerk

[SEAL]

City of Wasilla

FY 03 Breakdown Of How Sales Tax Dollars Are Spent

