

By: Administration
Adopted: July 24, 2017
Yes: Burney, Dryden, Graham, Harvey, Ledford, O'Barr
No: None
Absent: None

**City of Wasilla
Resolution Serial No. 17-23**

A Resolution Of The Wasilla City Council Opposing Matanuska-Susitna Borough Ordinance Serial No. 17-093, Adopting MSB 3.35, Area Wide Sales Tax To Support Education, Levying A 3% Tax On Sales, Services And Rentals Within The Matanuska-Susitna Borough.

WHEREAS, the Wasilla City Council supports education in the Matanuska-Susitna Borough and throughout the State of Alaska; and

WHEREAS, funding for education is the primary responsibility of the State of Alaska and the funding deficits to education due to legislative underfunding should not be balanced through negative impacts on cities within the Borough; and

WHEREAS, the City of Wasilla ("City") levies a 2% sales tax on all sales, rentals and services made within the City; and

WHEREAS, the City sales tax generates revenue to provide services to the citizens of Wasilla; and

WHEREAS, the Borough's adoption of a sales tax pursuant to AS 29.45.700 could undermine the City's first class power to control its own revenue sources since the City may only tax those sources taxed by the Borough, unless the Borough ordinance provides otherwise to authorize the City to tax other sources; and

WHEREAS, proposed MSB 3.35, does not carve out this exception to allow the City to exercise its legislative authority to determine what sales, rentals and services will be taxed; and

WHEREAS, the Borough's adoption of a sales tax with an up to 3% levy on retail sales is anticipated to negatively impact the economic viability of the City by causing retail shoppers and businesses to shop or relocate outside the City thereby undermining Wasilla's economic viability; and

WHEREAS, MSB 3.04.075 establishes a Tax Levy Limitation. It provides:

(A) Except as provided in this section, the total amount of borough tax that can be levied during a fiscal year shall not exceed the total amount approved by the assembly for the preceding year by more than a percentage defined by adding the percentage increase in the Federal Urban Consumer Price Index for Anchorage from the preceding fiscal year plus the average percentage growth or loss in the Matanuska-Susitna Borough population over the preceding five fiscal years as determined by the Alaska State Department of Community and Economic Development.

(B) The limitations set forth in subsection (A) of this section do not apply to the following:

- (1) taxes on new construction or property improvements which occur during the current fiscal year;
- (2) taxes required to fund additional services mandated by voter approved ballot issues;
- (3) special taxes authorized by voter approved ballot issues;
- (4) taxes required to fund the costs of judgments entered against the borough or to pay principal or interest on bonds including revenue bonds; and

(5) additional taxes collected in service areas under mill rates specifically approved by service area residents.

(C) Any tax increases which result from the exceptions set forth in subsection (B) of this section shall be added to the base amount used in subsection (A) of this section for the calculations of the subsequent year tax increase.

WHEREAS, MSB 3.35.210 Tax Limit Exemption, provides all taxes levied and collected under this chapter are exempt from the requirements of MSB 3.04.075 Tax Levy Limitation, and shall not be included in any calculations under MSB 3.04.075; and

WHEREAS, proposed MSB 3.35.210, excludes the proposed sales tax from the Borough Tax Levy Limitation contained in 3.04.075.

NOW, THEREFORE, BE IT RESOLVED, that the Wasilla City Council hereby supports education throughout the State and requests the Alaska State Legislature to fully fund educational needs, including debt reimbursement; and

BE IT FURTHER RESOLVED, that the Wasilla City Council hereby opposes Matanuska-Susitna Borough Ordinance Serial No. 17-093, imposing up to a 3% tax levy on retail sales on an area wide basis throughout the Borough.

ADOPTED by the Wasilla City Council on July 24, 2017.


BERT L. COTTLE, Mayor

ATTEST:


JAMIE NEWMAN, MMC, City Clerk

[SEAL]

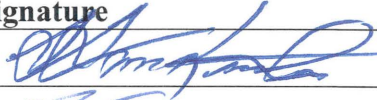
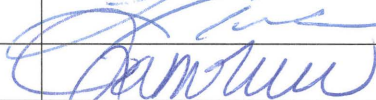

CITY COUNCIL LEGISLATION STAFF REPORT

Resolution Serial No. 17-23: Opposing Matanuska-Susitna Borough Ordinance Serial No. 17-093, Adopting MSB 3.35, Area wide Sales Tax to Support Education, Levying a 3% Tax on Sales, Services and Rentals Within the Matanuska Susitna Borough

Originator: Bert L. Cottle, Mayor

Date: 7/13/2017

Agenda of: 7/24/2017

Route to:	Department Head	Signature	Date
X	Finance Director		7/13/17
X	Deputy Administrator		7/13/17
X	City Clerk		7/13/17

Reviewed by Mayor Bert L. Cottle:  7/13/2017

Fiscal Impact: yes or no Funds Available: yes or no

Attachments: Resolution Serial No. 17-23 (3 pages)

Summary Statement: This resolution opposes the Matanuska-Susitna Borough Ordinance Serial No. 17-093, adopting MSB 3.35, area-wide sales tax to support education, levying a 3% tax on sales, services and rentals within the Matanuska-Susitna Borough.

Recommended Action: Adopt Resolution Serial No. 17-23.