

**City of Wasilla  
Ordinance Serial No. 13-09**

**An ordinance of the Wasilla City Council amending Wasilla Municipal Code 5.16.030, 5.16.100 and 5.16.210 to increase the rate of the City sales tax by one percent (1%) to three percent (3%) beginning on January 1, 2014; amending Wasilla Municipal Code 5.16.210 to allocate one half (0.5%) of the sales tax increase to a special account to finance major capital improvements as set by City Council with voter approval costing in excess of one million dollars; and authorizing the City Clerk to submit the question of such sales tax rate increase to the qualified voters of the City at the October 1, 2013, regular election.**

---

WHEREAS, the City Council of the City of Wasilla (the "City") finds that the City requires certain major capital improvements, the first among which is a new library facility; and

WHEREAS, funds provided by the State and or the Federal Government are likely to dwindle or disappear completely; and

WHEREAS, it is in the best interest of the City and its residents to fund major capital improvements by accumulating additional revenue in a special account established for that purpose, rather than by incurring additional debt, including interest and associated costs of bonding; and

WHEREAS, the current 2% rate of City sales tax is insufficient to fund the City's major capital improvement requirements, along with the increased operating and maintenance requirements; and

WHEREAS, the City Council finds that an increase in the rate of sales tax is a more equitable method of raising additional revenue rather than imposing the 2 mil property tax cap levy, because a sales tax increase will be borne by all resident and non-resident users of City capital facilities; and

WHEREAS, the City Council deems it necessary to increase the rate of the City sales tax by one percent (1%), and to deposit one half of the resulting additional revenue (0.5%) in a special account restricted to funding, first, a new library facility, and thereafter other major capital improvements costing in excess of one million dollars, and to apply the other half of the resulting additional revenue (0.5%) to increased general fund operating costs, including the increased operating costs associated with the new library facility and other major capital improvements; and

WHEREAS, the City finds that when sufficient funds have been obtained for the projects listed above or any additional projects approved by the City Council and passed by the voters then the .5% will continue to collect and placed in the special account for projects that are approved by the city voters.

\* **Section 1. Classification.** Sections 2 through 4 of this ordinance are of a general and permanent nature and shall become part of the city code.

\* **Section 2. Amendment of section.** WMC 5.16.030, Sales Tax – Levy of tax, is amended to read as follows:

**5.16.030 Levy of tax.**

A. Subject to the remainder of this chapter, a tax of ~~three~~ two-percent of the price is levied on all sales, rentals and services made in the city.

\* **Section 3. Amendment of section.** WMC 5.16.100.B.2, Sales Tax – Collection of sales tax – Addition and separate statement; Exceptions, is amended to read as follows:

2. The amount of sales tax to be added to the price of a sale, rental or service shall be determined in accordance with the following schedule:

<b>Price of sale, Rental or service</b>	<b>Tax</b>
Under <del>\$0.15</del> 0.25	None
<del>\$0.16 through \$0.49</del> \$0.25 through \$0.74	\$.01
<del>\$0.50 through \$0.83</del> \$0.75 through \$1.24	\$.02
<del>\$0.84 through \$1.16</del> \$1.25 through \$1.74	\$.03
<del>\$1.17 through \$1.49</del> \$1.75 through \$2.24	\$.04
<del>\$1.50 through \$1.83</del> \$2.25 through \$2.74	\$.05
<del>\$1.84 through \$2.16</del> \$2.75 through \$3.24	\$.06
<del>\$2.17 through \$2.49</del> \$3.25 through \$3.74	\$.07
<del>\$2.50 through \$2.83</del> \$3.75 through \$4.24	\$.08
<del>\$2.84 through \$3.16</del> \$4.25 through \$4.74	\$.09
<del>\$3.17 through \$3.49</del> \$4.75 through \$5.24	\$.10
Over <del>\$3.50</del> \$5.25, continue on same scale up to five hundred dollars (\$500.00).	

\* **Section 4. Amendment of section.** WMC 5.16.210, Property tax limit - Use of sales tax, is amended to read as follows:

**5.16.210 Property tax limit - Use of sales tax.**

- A. Property Tax Limitation. The three ~~two~~ percent city sales tax levy is conditioned on the city property tax levy being limited to a maximum of two mills.
- B. Allocation of sales tax proceeds. Sales tax collected under WMC 5.16.030 shall be allocated as follows: ~~Use of Sales Tax for Police. The two percent city sales tax levy is on the condition that sales tax first be appropriated to fund a police department and the remaining tax be appropriated through the ordinary public budget process.~~
1. One sixth of the sales tax collected under WMC 5.16.030 shall be allocated to a special account to be appropriated and utilized solely first, for a new Wasilla Public Library, and thereafter for other major capital improvement projects costing in excess of one million dollars. This fund shall only be abolished if such question is submitted to qualified city voters during an election and is approved.
  2. Five sixths of the sales tax collected under WMC 5.16.030 shall be allocated to the general fund to be appropriated as determined by the council.

\* **Section 5. Ballot proposition.** The City Clerk shall submit the following proposition to the qualified voters of the City at the regular election to be held on October 1, 2013. The proposition must receive an affirmative vote from a majority of the qualified voters voting on the question to be approved.

**Proposition No. \_\_\_\_**  
**1% Sales Tax Rate Increase To 3%,**  
**With One-Half (.5%) Of The Sales Tax Increase To Be Allocated To A**  
**Special Account Restricted To Funding Major Capital Improvement Projects**  
**as set by the City Council with Voter Approval costing**  
**in excess of One Million Dollars**

Shall the rate of the City sales tax be increased by one percent (1%) to three percent (3%) beginning on January 1, 2014, with one-half percent (0.5%) of the sales tax increase allocated to a special account restricted to funding first, a new Wasilla Public Library, and, then, other major capital improvements as set by the City Council, with voter approval costing in excess of one million dollars? (Ordinance Serial No. 13-09).

\* **Section 6. Form of ballot.** The proposition shall be printed on the election ballot. The following words shall be added as appropriate and next to an oval provided for marking the ballot for voting:

Proposition No. \_\_\_\_\_ Yes ( )  
No ( )




\* **Section 7. Effective date.** Sections 1 through 4 of this ordinance shall become effective on January 1, 2014, only if the proposition described in Section 5 is approved by a majority of the qualified voters voting on the proposition at the regular City election on October 1, 2013. The remaining sections of this ordinance shall become effective upon adoption of the Wasilla City Council.

**CITY COUNCIL LEGISLATION STAFF REPORT**

**Ordinance Serial No. 13-09: Amending Wasilla Municipal Code 5.16.030, 5.16.100 and 5.16.210 to increase the rate of the City sales tax by one percent (1%) to three percent (3%) beginning on January 1, 2014; amending Wasilla Municipal Code 5.16.210 to allocate one half (0.5%) of the sales tax increase to a special account to finance major capital improvements as set by City Council with voter approval costing in excess of one million dollars; and authorizing the City Clerk to submit the question of such sales tax rate increase to the qualified voters of the City at the October 1, 2013, regular election.**

Originator: Council Members Steve Lovell and A. Clark Buswell

Date: 2/26/2013 Agenda of: 3/11/2013

Route to:	Department Head	Signature	Date
X	Finance Director		2-28/13
X	Deputy Administrator		2/27/13
X	City Clerk		2/28/13

Reviewed by Mayor Verne E. Rupright:  3-4-13  
 ASTO FORM NOT CONTENT

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

Account name/number:  
 Account Name Account # Dollar Amount

Attachments: Ordinance Serial No. 13-09 (4 pages)

**Summary Statement:** This item was previously submitted as Ordinance Serial No. 13-06 during the City Council meeting of February 27, 2013, and was failed to be introduced.

This revised proposed ordinance, Ordinance Serial No. 13-09, allows the sales tax increase question to go to the voters during the October 1, 2013, regular City election. If approved, a special account would be set up for the .05% to finance major capital improvements and would require voter approval for projects in excess of one million dollars. In addition, it would require council and qualified voter approval to abolish the .05% special account to finance major capital improvements.

We agree that the City of Wasilla is in need of a new library; however, the cost of operating a new library is likely higher than the current library. The City is experiencing higher operation costs, which are likely to increase in years to come.

Because of this need and the current low sales tax, we believe that forward funding as opposed to bonding, does not encumber future generations with debt that we approved during our tenure.

We believe that a prudent way to fund a new Wasilla Public Library, along with other future large capital improvement projects, is to forward fund these projects. This may be done by assessing an increase in the sales tax of .05% for general fund operating costs and to include the operations of the new Wasilla Public Library. Also, an additional .05% to place in a special account to fund capital improvement projects in excess of one million dollars, with the first project to be the new Wasilla Public Library. This will be an increase of 1% in City sales tax from the current rate of 2%, resulting in a total of 3% sales tax.

To prevent funds in the special account from being used indiscriminately, we propose that the special account only be used to fund future large projects in excess of one million dollars; approved first by the City Council, and then approved by qualified City voters during a regular or special City election. Should there be a time for the City to abolish this special account, such a question should be approved by qualified City voters, during an election.

**Staff Recommendation:** Introduce and set for public hearing Ordinance Serial No. 13-09.