

**City of Wasilla
Ordinance Serial No. 13-06**

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 October 1, 2013; 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 \$100,000, and authorizing the City Clerk to submit the question of such sales tax rate increase to the qualified voters of the City at the June 4, 2013, special 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, police station, road and sewer improvements and increasing the energy efficiency of the existing City buildings; 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; 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 \$100,000, 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

Underline, added. ~~Strikethrough, deleted~~

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~~ **three** 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:

Price of sale, Rental or service	Tax
Under \$0.15 0.25	None
\$0.16 through \$0.49 \$0.25 through \$0.74	\$0.01
\$0.50 through \$0.83 \$0.75 through \$1.24	\$0.02
\$0.84 through \$1.16 \$1.25 through \$1.74	\$0.03
\$1.17 through \$1.49 \$1.75 through \$2.24	\$0.04
\$1.50 through \$1.83 \$2.25 through \$2.74	\$0.05
\$1.84 through \$2.16 \$2.75 through \$3.24	\$0.06
\$2.17 through \$2.49 \$3.25 through \$3.74	\$0.07
\$2.50 through \$2.83 \$3.75 through \$4.24	\$0.08
\$2.84 through \$3.16 \$4.25 through \$4.74	\$0.09
\$3.17 through \$3.49 \$4.75 through \$5.24	\$0.10
Over \$3.50 \$5.25 , continue on same scale up to five hundred dollars (\$500.00).	

Underline, added. Strikethrough, deleted

* **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 library facility, and thereafter for other major capital improvement projects costing in excess of \$100,000.
 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 special election to be held on June 4, 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 \$100,000

Shall the rate of the City sales tax be increased by one percent (1%) to three percent (3%) beginning on October 1, 2013, 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 \$100,000? (Ordinance Serial No. 13-06).

Underline, added. ~~Strikethrough, deleted~~

* **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 ()

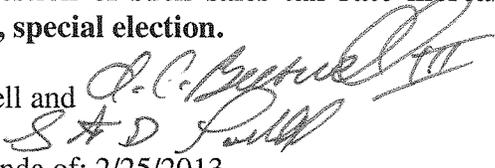
* **Section 7. Effective date.** Sections 1 through 4 of this ordinance shall become effective on October 1, 2013, only if the proposition described in Section 5 is approved by a majority of the qualified voters voting on the proposition at the special City election on June 4, 2013. The remaining sections of this ordinance shall become effective upon the earlier to occur of the following: (i) the date on which the United States Department of Justice issues its non-objection under the Voting Rights Act of 1965 to the changes effected by this ordinance; and (ii) the date immediately following the last date on which the United States Department of Justice could object to the changes effected by this ordinance under the Voting Rights Act of 1965, provided that no objection to any such change has been issued before that date. The clerk is authorized to determine the effective date of this ordinance, which shall be set forth in the permanent records of City ordinances and in the Wasilla Municipal Code.

Underline, added. ~~Strikethrough, deleted~~

CITY COUNCIL LEGISLATION STAFF REPORT

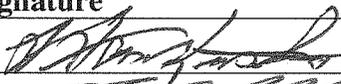
Ordinance Serial No. 13-06: Amending Wasilla Municipal Code 5.16.030, 5.16.100 and 5.16.210 to increase the rate of the City sales tax by one percent (1%) to three percent (3%) beginning on October 1, 2013; amending Wasilla Municipal Code 5.16.210 to allocate one half (0.5%) of the sales tax increase to a special account to finance major capital improvements as set by City Council with voter approval costing in excess of \$100,000, and authorizing the City Clerk to submit the question of such sales tax rate increase to the qualified voters of the City at the June 4, 2013, special election.

Originator: Council Members A. Clark Buswell and
 Council Member Steve Lovell



Date: 2/7/2013

Agenda of: 2/25/2013

Route to:	Department Head	Signature	Date
X	Finance Director		2-8-13
X	Deputy Administrator		2-8-13
X	City Clerk		

Reviewed by Mayor Verne E. Rupright: 

Fiscal Impact: yes or no

Funds Available: yes or no

Account name/number:

Account Name

Account #

Dollar Amount

Attachments: Ordinance Serial No. 13-06 (4 pages)

Summary Statement: The City of Wasilla is in need of a new library and the increased cost of operating cost of said library.

Because of this need, and our low sales tax, we believe that forward funding as opposed to bonding, does not encumber our future generations with debt that we have approved during our tenure. We believe that a prudent way to fund this project, along with other 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, to include the new Wasilla Public Library. And additionally .05% to place in a special account to fund capital improvement projects in excess of \$100,000. This will be an increase of 1% in City sales tax; a total of 3% percent sales tax.

To prevent the fund in the special account from being used indiscriminately, we propose that the special account only be used to fund projects approved first by the City Council, and then approved by City voters during a regular or special City election.

Staff Recommendation: Introduce and set for public hearing Ordinance Serial No. 13-06.