

KETCHIKAN CHARTER COMMISSION
AGENDA STATEMENT

NO. H-2

MEETING OF March 11, 2005

ITEM TITLE
Amend Article X, Section 10.07: Property Tax Limit (Postponed from 2/25/05)
SUBMITTED BY <u>Debby Otte</u>

SUMMARY STATEMENT

Section 10.07 sets out a property tax limit. Whether to have a property tax limit is a policy choice and one that was discussed at length in the fall of 2004, with the decision of the Charter Commission to delete this section, however, that vote and change did not go as intended. While voters tend to like property tax caps, such caps tend to restrict the options for funding public services and the Commission has expressed their belief that a super-majority requirement for any tax increase is sufficient.

SECTION 10.07 PROPERTY TAX LIMIT (AS CURRENTLY IN THE CHARTER)

THE AREAWIDE PROPERTY TAX LEVY SHALL NOT EXCEED ONE (1%) PERCENT (10 MILLS) OF THE ASSESSED VALUATION OF THE PROPERTY TO BE TAXED. THE VOTERS MAY RAISE THIS LIMIT BY AN AFFIRMATIVE VOTE OF THE MAJORITY OF THE VOTERS PARTICIPATING IN A SPECIAL OR REGULAR ELECTION. THIS SECTION SHALL NOT IN ANY WAY LIMIT THE ABILITY OF THE MUNICIPALITY TO MEET ITS BONDED OBLIGATIONS AND IN NO EVENT SHALL THE PROPERTY TAX LEVY DURING A YEAR EXCEED THREE PERCENT (THIRTY MILLS) OF THE ASSESSED VALUE OF THE PROPERTY IN THE MUNICIPALITY.

This subject has been discussed at length over the past year. There is clearly a division of thought on the subject of a tax cap, both on the Commission and within the community. Listed below are several options for handling this contentious issue. Other options may be brought forward subsequent to the publication of the agenda and they will be considered at the same time in the agenda as the listed below.

(a)

RECOMMENDED ACTION:

"I move to delete Article X, Section 10.07 in its entirety."

CONTINUED

(b)

Section 10.07 Property Tax Limit

The areawide property tax levy shall not exceed two-tenths (.2%) [~~one (1%)~~] percent (2 mills) [~~(10 mills)~~] above the rate levied in the prior fiscal year of the assessed valuation of the property to be taxed. The Assembly may raise this limit by a super-majority vote (2/3), advertised for a minimum of one month prior to the first of two noticed meetings. [~~The voters may raise this limit by an affirmative vote of the majority of the voters participating in a special or regular election~~]. This section shall not in any way limit the ability of the Municipality to meet its bonded obligations and in no event shall the property tax levy during a year exceed three percent (thirty mills) of the assessed value of the property in the Municipality.

(b) RECOMMENDED ACTION

"I move to adopt the changes to Section 10.07 as indicated above by setting a cap as a percentage above the prior fiscal year's rate, giving the Assembly specific notice and advertisement criteria prior to requiring a super-majority vote of the Assembly to raise the cap, and deleting reference to voter approval."

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**(c)**

**Section 10.07 Property Tax Limit**

The areawide property tax levy shall not exceed two-tenths (.2%) [~~one (1%)~~] percent (2 mills) [~~(10 mills)~~] above the rate levied in the prior fiscal year of the assessed valuation of the property to be taxed. The Assembly may raise this limit by a super-majority vote (2/3), advertised for a minimum of one month prior to the first of two noticed meetings[.]; or may elect to have [~~F~~]the voters [~~may~~] raise this limit by an affirmative vote of the majority of the voters participating in a special or regular election. This section shall not in any way limit the ability of the Municipality to meet its bonded obligations and in no event shall the property tax levy during a year exceed three percent (thirty mills) of the assessed value of the property in the Municipality.

**(c) RECOMMENDED ACTION**

**"I move to adopt the changes to Section 10.07 as indicated above by setting a cap as a percentage above the prior fiscal year's rate, giving the Assembly specific notice and advertisement criteria prior to requiring a super-majority vote of the Assembly to raise the cap, and giving the Assembly the option of seeking voter approval as opposed to the requirements for Assembly approval of the raise in the cap."**