

KETCHIKAN CHARTER COMMISSION

AGENDA STATEMENT

NO. H-3

MEETING OF **March 11, 2005**

ITEM TITLE

Amend Article X, Section 10.08: Taxation:
Supermajority Requirement to Raise Taxes or Fees
Limit (Postponed from 2/25/05)

SUBMITTED BY Debby Otte

SUMMARY STATEMENT

Section 10.08 requires a supermajority vote of the assembly to raise taxes. Alaska Statute 29.45.240 calls for the rate of property tax levies to be determined annually. These rates are set by resolution. The Charter section appears to make an implicit assumption that an increase in the property tax levy from one year to the next is an increase in the levy. Because the levy must be set each year, and in the absence of a resolution setting the levy for a given year the levy is zero, arguably there is no default rate from which the property tax levy would be increased.

While the intent of this section may be satisfied by applying that implicit assumption, the voter ratification concept is unworkable for property tax levies, and is problematic for fees. The levy must be set by June 15 of each year. It would be a practical impossibility to have a voter ratification of an increased property tax levy. There is potential for problems with the timing of special elections for increases to fees and taxes in order to meet the deadlines for the budgetary process. The inclusion of fees in the section may create situations where government would not be able to respond in a timely manner to increased costs to provide services. The very minimum amount of time required to hold a special election is 60 days. This does not include the time required for the Assembly to pass a resolution or ordinance to call the election, nor the time to certify the election. This section may still work as drafted, but these limitations should be noted.

This topic has been discussed extensively since the Commission began its task. Without adding any more verbiage than that supplied by the Borough Attorney, three options for amending this section are included in this agenda statement. Should any other options be suggested after the agenda is published, they will be discussed and considered as part of this item.

CONTINUED

SUGGESTED CHANGES to Section 10.08:

(a)

10.08 Taxation: Supermajority Requirement to Raise Taxes [~~OR FEES Limit~~]

Any ordinance or resolution that will increase the rate of [~~increase fees~~], sales tax levies or increase the rate of property tax levies on an areawide, nonareawide or service area basis above the rate levied in the prior fiscal year shall require the affirmative vote of two-thirds (2/3) of the Assembly. ~~{or be approved by a majority of the qualified voters who vote on the ordinance or resolution at a general or special election. If the increase in the rate of levy of the general sales tax, use tax or fee is limited to a service area or is nonareawide, the vote is limited to those qualified to vote in that area.}~~

(a) RECOMMENDED ACTION:

"I move to amend Article X, Section 10.08 by deleting reference to fees as part of the requirement, adding the underlined language and by deleting the voter approval option as shown above."

(b)

10.08 Taxation: Supermajority Requirement to Raise Taxes or Fees Limit

Any ordinance or resolution that will increase the rate of fees, sales tax levies or increase the rate of property tax levies on an areawide, nonareawide or service area basis above the rate levied in the prior fiscal year shall require the affirmative vote of two-thirds (2/3) of the Assembly. ~~{or be approved by a majority of the qualified voters who vote on the ordinance or resolution at a general or special election. If the increase in the rate of levy of the general sales tax, use tax or fee is limited to a service area or is nonareawide, the vote is limited to those qualified to vote in that area.}~~

(b) RECOMMENDED ACTION:

"I move to amend Article X, Section 10.08 by adding the underlined language and deleting the voter approval option as shown above."

(c)

10.08 Taxation: Supermajority Requirement to Raise Taxes or Fees Limit

Any ordinance or resolution that will increase the rate of fees, sales tax levies or increase the rate of property tax levies on an areawide, nonareawide or service area basis above the rate levied in the prior fiscal year shall require the affirmative vote of two-thirds (2/3) of the Assembly, or be approved by a majority of the qualified voters who vote on the ordinance or resolution at a general or special election. If the increase in the rate of levy of the general sales tax, use tax or fee is limited to a service area or is nonareawide, the vote is limited to those qualified to vote in that area.

(c) RECOMMENDED ACTION:

"I move to amend Article X, Section 10.08 by adding the underlined language as shown above."