

Introduced by: Mayor at the request of the Borough Manager
Drafted by: Borough Attorney
Introduced on: 02/04/2021
Public Hearing Date: 02/18/2021
Adopted on: 02/18/2021

**KODIAK ISLAND BOROUGH
ORDINANCE NO. FY2021-28**

**AN ORDINANCE OF THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH AMENDING
KODIAK ISLAND BOROUGH CODE OF ORDINANCES TITLE 3 *REVENUE AND FINANCE*
CHAPTER 3.25 APPROPRIATION AND LEVY SECTION 3.25.030 MAXIMUM ALLOWABLE
TAX REVENUES, LIMITING RESTRICTIONS TO GENERAL FUND PROPERTY TAX
REVENUES**

WHEREAS, On October 2, 2018 the voters of the Kodiak Island Borough approved an ordinance by initiative setting out a maximum allowable tax revenue limit for Borough taxes; and

WHEREAS, Implementation of the revenue limit was primarily intended to apply to areawide general fund property taxes and expenditures, and application to service areas or non-property tax revenues such as bed taxes, tobacco excise taxes, marijuana excise taxes and severance taxes makes calculation of the revenue limit more difficult; and

WHEREAS, unlike areawide property taxes, service areas or non-property tax revenues such as bed taxes, tobacco excise taxes, marijuana excise taxes and severance taxes are paid by recipients of the service area services or users of the product or service, and are not generally owed or paid by all borough residents; and

WHEREAS, the amendment of the revenue limit to focus on areawide property tax revenues would honor the purpose of the revenue limitation while easing the administration of the revenue limitation ordinance and avoiding potential adverse impacts on service areas; and

WHEREAS, the Kodiak Island Borough seeks to maintain a property tax revenue limitation but leave severance taxes, service areas and non-property based excise taxes separate.

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH that:

Section 1: This ordinance is of permanent nature and shall become a part of the Kodiak Island Borough Code of Ordinances.

Section 2: That section 3.25.030 of the Kodiak Island Borough Code of Ordinances is amended to read as follows:

3.25.030 Maximum Allowable Property Tax Revenues

A. Except as provided in this section, the total amount of real and personal property taxes that can be levied or imposed on an areawide basis during a fiscal year shall not exceed the total amount approved by the borough assembly for the preceding year by more than a percentage determined by adding the percentage increase in the Consumer Price Index for Kodiak (or the Federal Consumer Price Index for Anchorage if there is none available for Kodiak) from the preceding fiscal year.

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

- 1. Tax on new construction or property improvements which occur during the current fiscal year;
- 2. Any appropriation made to pay or secure payment of principal and/or interest on bonds;
- 3. Taxes required to fund services authorized by voter-approved ballot issues;
- 4. Funding of new judgments entered against the Kodiak Island Borough;
- 5. Special appropriations necessary on an emergency basis to fund unavoidable expenses ensuring the public peace, health or safety;
- 6. Excise taxes, service area property taxes, non-areawide property taxes, and severance taxes.**

C. The borough assembly shall use the formula and definitions for computation of the total amount of borough **property** tax that can be levied or imposed by applying the provisions in this section and shall, by May 31st of each fiscal year, publish its calculations showing these computations ~~for each taxing jurisdiction.~~

D. The maximum tax revenue allowed under this section is computed for the next fiscal year as follows:

Formula. The formula for the computation of maximum allowable tax revenue is:

$$(A - B) + D + F = G$$

where:

"A" equals the amount of property tax revenue derived from actual taxes levied on taxable real and personal property on an areawide basis ~~in each taxing jurisdiction in the current fiscal year and all other tax revenues;~~

"B" equals the amount of the actual payment of principal and interest on bonds made in the current fiscal year, less actual state reimbursement for school construction debt;

"D" is product of the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) for Kodiak, Alaska, (or for Anchorage, Alaska, if not available for Kodiak) during the prior fiscal year (CPI) and the net taxes levied (A - B) in the current fiscal year;

"F" equals the total amount of all exclusions under subsection B of this section, and is the sum of all the following:

F.1. *The taxes on new construction or property improvements equal the projected tax revenue from the value of that new construction or property improvements, computed by multiplying the areawide property tax rate applied to properties ~~in that taxing jurisdiction~~ during the current fiscal year by the assessed value of the new construction and property improvements;*

F.2. *The principal and interest due in the next fiscal year on bonds, less state reimbursement for school construction debt, plus any over-adjustment or under-adjustment to actual reimbursement from the current year;*

F.3. Areawide property taxes ~~Taxes~~ *to provide voter-approved services;*

F.4. Areawide property taxes ~~Taxes~~ *for new judgments;*

F.5. *Special appropriations necessary on an emergency basis;*

"G" equals the maximum allowable tax revenue for the next fiscal year.

77 E. The point in time to use for the proper calculation of allowable property tax mill rates, ~~for all~~
78 ~~taxing jurisdictions~~, shall be the next tax rolls as certified by the borough assessor on July 1st
79 of each year. This specific point in time shall be utilized for both the figures in the prior year
80 and the current year.

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82 F. As used in this section, the following definitions apply:

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84 "Current fiscal year" is the fiscal year during which the next fiscal year budget is prepared.

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86 "Emergency" is the imminent threat of or the occurrence of widespread damage, injury, or loss
87 of life resulting from any natural or manmade cause, including, but not limited to, fire, explosion,
88 flood, earthquake, landslide, mud slide, volcanic activity, avalanche, weather conditions,
89 epidemic, blight, infestation, riot, loss of public utilities, shortage of food, water, fuel or clothing,
90 or the accidental release or discharge of toxic substances or hazardous substances.

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92 "Emergency" does not include appropriations for the normal operations of the borough. ~~a~~
93 ~~service area or the department of health and safety.~~

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95 "Fiscal year" means the fiscal year (July 1st through June 30th) for the Kodiak Island Borough.
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97 "New construction or property improvements" means any improvement which generates a
98 taxable value not on the tax roll for the current assessment year, including but not limited to:
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- 100 1. Construction which increases the value of the property;
- 101 2. Any change in the status of land.

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103 "New judgment" means the judgment reserved sufficient to cover the total cost of all judgments
104 and arbitration awards during the next fiscal year, including:
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- 106 1. Principal, interests, fees and costs;
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- 108 2. Additional services which may be required by a court order.

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110 "Next fiscal year" is the fiscal year following the current fiscal year and for which the new budget
111 is being prepared.
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113 "Prior fiscal year" is the fiscal year immediately preceding the current fiscal year.
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115 "~~Taxing jurisdiction" means a taxing unit of the Kodiak Island Borough. A service area is a taxing~~
116 ~~jurisdiction.~~
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118 "Voter-approved services" includes but is not limited to:
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- 120 1. An areawide service specifically authorized by the voters ~~of a taxing jurisdiction~~ in any
121 ballot issue;
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- 123 2. Programs directly related to voter-approved capital projects which are in addition to
124 services in the current fiscal year budget;
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- 126 3. ~~Services added by the creation or alteration of the boundaries of a taxing jurisdiction if~~
127 ~~the creation or alteration of the boundaries of said taxing jurisdiction were approved by~~
128 ~~the voters of said taxing jurisdiction.~~ Taxes required to provide a "voter-approved service"
129 are the estimated first full-year costs of voter-approved services less revenue other than
130 taxes projected to be generated from the voter-approved services, for the number of
131 months in the next fiscal year for which the voter-approved service will be provided.
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133 **Effective Date:** This ordinance takes effect upon adoption.
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135 **ADOPTED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH**

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137 **THIS NINETEENTH DAY OF JANUARY, 2021.**

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139 KODIAK ISLAND BOROUGH

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143 William Roberts, Mayor

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ATTEST:


Aise L Rice, Borough Clerk

VOTES:

Ayes: Arndt, Dvorak, Turner, and Williams
Noes: Kavanaugh, Smith, and Symmons