

Introduced by: Finance Department thru the Mayor
Drafted by: Borough Attorney
Introduced on:02/17/22
Public Hearing Date:03/03/22
Adopted on:03/03/22

**KODIAK ISLAND BOROUGH
ORDINANCE NO. FY2022-10**

**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
PROPERTY 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, In 2021 the Assembly amended the provisions to clarify that the maximum allowable tax revenue limit applied to areawide real and personal property taxes only; and

WHEREAS, Alaska Statute Section 29.45.100 does not allow limitations on taxes to pay bonded debt; and

WHEREAS, unlike other Alaska communities that use their General Fund for debt service payments, the Kodiak Island Borough identifies a property tax levy specifically for debt service and has a separate Debt Service Fund which accounts for revenues and expenses; and

WHEREAS, the exclusion of debt service from the calculation allows the formula to focus on the variable areawide property tax revenues and would honor the purpose of the revenue limitation while easing the administration of the revenue limitation ordinance; and

WHEREAS, the Kodiak Island Borough seeks to maintain a property tax revenue limitation but leave non-limited debt service out of the formula.

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 (excluding amounts levied for debt service) 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.

53 B. The limitations set forth in subsection A of this section do not apply to the following:
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55 1. Tax on new construction or property improvements which occur during the current fiscal
56 year;

57 ~~2. Any appropriation made to pay or secure payment of principal and/or interest on bonds;~~
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59 ~~3. 2.~~ Taxes required to fund services authorized by voter-approved ballot issues;
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61 ~~4. 3.~~ Funding of new judgments entered against the Kodiak Island Borough;
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63 ~~5. 4.~~ Special appropriations necessary on an emergency basis to fund unavoidable expenses
64 ensuring the public peace, health or safety;
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66 ~~6. 5.~~ Excise taxes, service area property taxes, non-areawide property taxes, property taxes
67 levied to pay debt service, and severance taxes.
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70 C. The borough assembly shall use the formula and definitions for computation of the total
71 amount of borough property tax that can be levied or imposed by applying the provisions in
72 this section and shall, by May 31st of each fiscal year, publish its calculations showing these
73 computations.
74

75 D. The maximum tax revenue allowed under this section is computed for the next fiscal year as
76 follows:
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78 Formula. The formula for the computation of maximum allowable tax revenue is:

$$(\text{A} - \text{B}) + \text{D} \times \text{B} + \text{F} \times \text{C} = \text{G} - \text{D}$$

79 where:
80

"A" equals the amount of property tax revenue derived from actual taxes levied on taxable real and personal property on an areawide basis in the current fiscal year excluding taxes levied for debt service;

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

~~F C.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 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 C.3-2. Areawide property taxes to provide voter-approved services;~~

~~F C.4-3. Areawide property taxes for new judgments;~~

~~F C.5-4. Special appropriations necessary on an emergency basis;~~

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

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82 E. The point in time to use for the proper calculation of allowable property tax mill rates, shall
83 be the next tax rolls as certified by the borough assessor on July 1st of each year. This
84 specific point in time shall be utilized for both the figures in the prior year and the current
85 year.
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87 F. As used in this section, the following definitions apply:
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89 "Current fiscal year" is the fiscal year during which the next fiscal year budget is prepared.
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91 "Emergency" is the imminent threat of or the occurrence of widespread damage, injury, or
92 loss of life resulting from any natural or manmade cause, including, but not limited to, fire,
93 explosion, flood, earthquake, landslide, mud slide, volcanic activity, avalanche, weather
94 conditions, epidemic, blight, infestation, riot, loss of public utilities, shortage of food, water,
95 fuel or clothing, or the accidental release or discharge of toxic substances or hazardous
96 substances.
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98 "Emergency" does not include appropriations for the normal operations of the borough.
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100 "Fiscal year" means the fiscal year (July 1st through June 30th) for the Kodiak Island
101 Borough.
102

103 "New construction or property improvements" means any improvement which generates a
104 taxable value not on the tax roll for the current assessment year, including but not limited
105 to:
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- 107 1. Construction which increases the value of the property;
- 108 2. Any change in the status of land.

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

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116 "Next fiscal year" is the fiscal year following the current fiscal year and for which the new
117 budget is being prepared.
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119 "Prior fiscal year" is the fiscal year immediately preceding the current fiscal year.

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"Voter-approved services" includes but is not limited to:

1. An areawide service specifically authorized by the voters in any ballot issue;
2. Programs directly related to voter-approved capital projects which are in addition to services in the current fiscal year budget;
3. Taxes required to provide a "voter-approved service" are the estimated first full-year costs of voter-approved services less revenue other than taxes projected to be generated from the voter-approved services, for the number of months in the next fiscal year for which the voter-approved service will be provided.

Effective Date: This ordinance takes effect upon adoption.

ADOPTED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH

THIS THIRD DAY OF MARCH, 2022.

KODIAK ISLAND BOROUGH



William Roberts, Mayor

ATTEST:



Lina Cruz, Acting Borough Clerk

VOTES:

Ayes: Smiley, Turner, Arndt, Delgado, and Griffin

Noes: