

ANCHORAGE, ALASKA

AO No. 2011-38

1 AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE SECTION
2 12.25.040 TO CLARIFY EACH YEAR'S BASE AMOUNT IN THE CALCULATION
3 OF THE TAX INCREASE LIMITATION (TAX CAP) BY EQUATING NEXT YEAR'S
4 BASE WITH THE CURRENT YEAR'S AMOUNT TO BE COLLECTED.
5

6
7 WHEREAS, Anchorage Municipal Charter section 14.03(a) provides "... the total
8 amount of municipal tax that can be levied during a fiscal year shall not exceed the
9 total amount approved by the assembly for the preceding year";

10
11 WHEREAS, the amount to be collected should be the base for the next year, after
12 application of any applied credits or vetoes; now therefore,
13

14 THE ANCHORAGE ASSEMBLY ORDAINS:

15
16 **Section 1.** Anchorage Municipal Code section 12.25.040 is hereby amended to
17 read as follows:
18

19 **12.25.040 Computation of maximum attainable tax revenue amount.**

20
21 The estimate of maximum attainable tax revenue (next year revenue available)
22 is computed for the next fiscal year according to the following procedures:
23

24 A. Define the tax increase escalation amount, (L):
25

26 $L = (T - d - e) \times (1 + C + P)$ where the base amount for calculating the next
27 year's tax increase limit shall be the total amount of the municipal taxes to be
28 collected for the current fiscal year and:
29

30 1. L is the allowable tax increase due to population and inflation growth
31 factors.
32

33 2. T is the total amount of:
34

35 a. real property and personal property taxes to be collected for the
36 current fiscal year,

37 b. municipal payments in-lieu of taxes paid or to be paid by any
38 Municipality of Anchorage utility, department, agency, public
39 corporation or authority[,] (MPILT),

40 c. auto fees, and

41 d. state and federal payments in lieu of taxes levied in the current
42 fiscal year in current-year dollars.
43

*** **

(AO No. 84-208(S-A); AO No. 2003-160, §§ 2, 3, 1-1-04; AO No. 2003-161, § 1, 12-16-03; AO No. 2003-164, § 1, 12-16-03; AO No. 2004-22, § 1, 2-3-04; AO No. 2005-47, § 1, 4-19-05; AO No. 2005-48, § 1, 4-19-05; AO No. 2005-49, § 1, 4-19-05; AO No. 2009-109, § 2, 1-10-10)

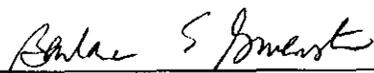
Section 2. This ordinance shall become effective immediately upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly this 29th day of March, 2011.



Chair of the Assembly

ATTEST:



Municipal Clerk

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 148-2011

Meeting Date: March 8, 2011

1 **From:** CHRIS BIRCH, ELVI GRAY-JACKSON, MIKE GUTIERREZ, ERNIE HALL,
2 ASSEMBLY MEMBERS
3

4 **Subject:** AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE
5 SECTION 12.25.040 TO CLARIFY EACH YEAR'S BASE AMOUNT
6 IN THE CALCULATION OF THE TAX INCREASE LIMITATION (TAX
7 CAP) BY EQUATING NEXT YEAR'S BASE WITH THE CURRENT
8 YEAR'S AMOUNT TO BE COLLECTED.
9

10 In 1983, Anchorage voters amended the Municipality's Charter to create the Tax
11 Increase Limitation (Section 14.03), also known as the "Tax Cap", in order to limit
12 the amount that taxes could increase from one year to the next.
13

14 Integral to the Tax Cap is the "base" used to calculate the limit. Recent discussions
15 by the Assembly, some involving concerned tax-payer testimony, have focused on a
16 clarification to one aspect of the Tax Cap calculation: The base amount used to
17 calculate the next year's tax increase limit.
18

19 The Charter provision states ". . . the total amount of municipal tax that can be
20 levied during a fiscal year shall not exceed the total amount approved by the
21 assembly for the preceding year by more than a percentage determined by adding
22 the average percentage increase in the Federal Consumer Price Index for
23 Anchorage from the preceding five fiscal years plus the average percentage growth
24 or loss in the Anchorage municipal population over the preceding five fiscal years as
25 determined by the state department of community and regional affairs." The "total
26 amount approved by the assembly" has not always equaled the amount to be
27 collected in the prior year, but has instead sometimes been the maximum allowed
28 (at the tax cap) or an amount calculated prior to the application of a credit or a line
29 item veto.
30

31 The Charter provides a guideline to define the roles and responsibilities of local
32 government and allows the legislative branch of government to implement the
33 Charter through revisions and additions to the Anchorage Municipal Code.
34

35 This ordinance clarifies in code the base to be used in calculating the Tax Cap is
36 the amount of the prior years' property taxes to be collected, not the amount of
37 taxes that could have been collected under the Tax Cap but for a credit or veto, or
38 an amount approved by the assembly if that amount is different from the amount to
39 be collected. As a result, when the amount of the total property tax is less than the
40 allowable Tax Cap, the lower tax amount to be collected is used as the next year's
41 base.
42

1 This clarification captures the intent of the Tax Cap to avoid dramatic swings in the
2 amount of tax levied from year to year.

3
4 Prepared by: Department of Law

5
6 Respectfully submitted:

7
8 CHRIS BIRCH, ASSEMBLY MEMBER
9 ELVI GRAY-JACKSON, ASSEMBLY MEMBER
10 MIKE GUTIERREZ, ASSEMBLY MEMBER
11 ERNIE HALL, ASSEMBLY MEMBER