

AMENDED AND APPROVED
DATE 11-27-84

Submitted by: Assemblyman Baker
Prepared by: Assemblyman Baker
For Reading: November 27, 1984

ANCHORAGE, ALASKA
AO NO. 84-208 (S-A) as amended

AN ORDINANCE ENACTING CHAPTER 12.25 OF THE ANCHORAGE MUNICIPAL CODE CONCERNING THE TAX INCREASE LIMITATION.

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. Anchorage Municipal Code Chapter 12.25 is enacted as follows:

12.25.010 Purpose.

Pursuant to Charter 14.02, this chapter provides guidance and procedures for determining tax revenue available for next fiscal year budget planning purposes and establishes the maximum allowable tax increase amount for the next fiscal year in accordance with Charter 14.03.

12.25.020 Definitions.

As used in Chapter 12.25:

- A. "Additional services" include, but are not limited to, services added by the creation or alteration of a service area.
- B. "Fiscal year" means the fiscal year of the Municipality. School system fiscal year figures will be for the current year, i.e., that which commenced during the municipal fiscal year.
- C. "Current fiscal year" means this fiscal year in which next fiscal year budget is prepared.
- D. "Prior fiscal year" is the fiscal year immediately preceding the current fiscal year.
- E. "Next fiscal year" is that which follows current fiscal year and for which the new budget is being prepared.
- F. "Property improvements" means any improvement which increases the full and true value of real property.
- G. "Special tax" means any tax levied under a new authority to tax approved by the voters at a regular or special election, including an authority for a specified rate of taxation.

12.25.030 Special Provisions.

A. Ballot Procedures.

In the interest of better citizen understanding of the impacts of their approval of special projects and programs, all municipal programs or projects placed on the ballot soliciting voter approval will include for approval an estimation of operation and maintenance (O & M) costs for the first full year of operation.

B. Establishment of baseline.

The 1984 Municipal Budget is hereby established as the baseline upon which future taxation amount determination calculations shall be founded. Programs or projects for which funds were appropriated or were underway at the commencement of the 1984 fiscal year and their attendant annual O&M costs are included in the baseline except as excluded by determination of the Assembly through its interpretation of Charter 14.03. This determination shall be so indicated by a commentary included in the 1985 budget approval document and implemented via passage of the budget. Programs or projects are considered under way if resources have been committed against them in other than a planning function. O&M for projects/programs deemed underway for baseline determination are not subject to tax limitation criteria of Charter 14.03 prior to and through the first full year of operation.

12.25.040 Computation of maximum attainable tax revenue amount
(next year revenue available)

The estimate of maximum attainable tax revenue is computed for the next fiscal year according to the following procedures:

A. Define Tax increase escalation amount (L).

$$L = (T - d - e) \times (1 + C + P), \text{ where:}$$

- (1) L is the allowable tax increase due to population and inflation growth factors.
- (2) T is the total amount of real property, personal and municipal utilities services assessment (MUSA) municipal taxes, auto fees and state and federal payments in lieu of taxes levied in the current fiscal year in current-year dollars.
- (3) d is the total amount of municipal tax levied in the current fiscal year to fund the cost of judgements entered against the Municipality and to pay principal or interest on bonds, including revenue bonds.
- (4) e is the total amount of municipal tax levied in the current fiscal year to fund the cost of emergency ordinances enacted pursuant to Chapter 10.030.
- (5) C is the percentage increase in the federal consumer price index for Anchorage during the current fiscal year. Where more than one such index is published, that index which best reflects the change in the cost of goods and services in the Municipality shall be used.

(6) P is computed according to the following formula:

$$P = \left[\frac{P_0}{P_1} + \frac{P_1}{P_2} + \frac{P_2}{P_3} + \frac{P_3}{P_4} + \frac{P_4}{P_5} \right] \div 5 - 1, \text{ where}$$

- (a) P₀ is the population of the Municipality in the current fiscal year as determined by the State Department of Community and Regional Affairs.

(b) P1, P2, P3, P4 and P5 are the population of the Municipality in the fiscal year beginning one, two, three, four, and five years prior to the current fiscal year as determined by the State Department of Community and Regional Affairs.


B. Define exclusions in accordance with Charter 14.03(2) and the following guidance:

- (1) Taxes on new construction or property improvements not assessed in the current fiscal year taxed at the same rate as that applied to like properties for the current fiscal year.
- (2) Taxes required to fund new, additional, or expanded services mandated by voter-approved ballot issues, or by property owner petition under Charter 9.01(a), where the new, additional, or expanded service is provided for the first time in the next fiscal year.
- (3) Special taxes authorized by voter-approved ballot issues where the special tax is levied for the first time in the next fiscal year. Any increase during the next fiscal year in a special tax subject to a voter-approved maximum rate also is exempt under this subsection.
- (4) Taxes required during the current fiscal year to fund the cost of judgements entered against the Municipality and agreements settling litigation against the Municipality, or to pay principal and interest, or secure the payment of principal and interest on bonds including revenue bonds.
- (5) Taxes required to fund the cost of an emergency ordinance enacted pursuant to Charter 10.03.
- (6) Taxes required to fund services in special service areas already subject to a maximum mill levy amount if citizen authorization to invoke special levys has been granted.
- (7) Estimate of next-year non-property taxes and fees.

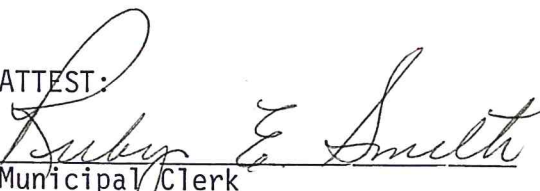
C. The summation of A. and B. above defines the total tax revenue available for next year's budget planning and establishes the next fiscal year property tax required, hence next year's mill levy.

PASSED AND APPROVED by the Municipal Assembly, this 27th day of

November, 1984.


Chairman

ATTEST:


Municipal Clerk