



MUNICIPALITY OF ANCHORAGE

Assembly Memorandum

No. AM 536-2020

Meeting Date: September 15, 2020

1 **From: MAYOR**
2

3 **Subject: AN OMNIBUS ORDINANCE OF THE ANCHORAGE ASSEMBLY REVISING**
4 **ANCHORAGE MUNICIPAL CODE TITLE 12, TAXATION, BY REPEALING**
5 **CHAPTER 12.08, REGISTRATION AND TAXATION OF AIRCRAFT; AND**
6 **BY AMENDING CHAPTERS 12.05, REAL AND PERSONAL PROPERTY**
7 **ASSESSMENT AND TAXATION, GENERAL PROVISIONS; 12.10,**
8 **PERSONAL PROPERTY TAXATION; AND 12.15, REAL PROPERTY**
9 **TAXATION.**

10
11 This ordinance revises Anchorage Municipal Code (AMC) Title 12 – Taxation by repealing
12 AMC 12.08, Registration and Taxation of Aircraft, and by amending AMC 12.05, Real and
13 Personal Property Assessment and Taxation, AMC 12.10, Personal Property Taxation,
14 and 12.15, Real Property Taxation.

15
16 Primary objectives associated with the proposed revisions to Municipal Code include:
17 promoting greater taxpayer equity, improving business processes and increasing
18 operational efficiency, matching prevailing property assessment and tax billing practices
19 with other government jurisdictions and providing a best fit to the new Tyler Technologies
20 property tax assessment and billing system.

21
22 The ordinance proposes to eliminate personal property taxation on personal-use mobile
23 homes and personal-use, non-scheduled aircraft. As a result, the focus of personal
24 property assessment and billing going forward will be on commercial-use mobile homes
25 and commercial-use, non-scheduled aircraft. In addition, the ordinance proposes to
26 assess non-scheduled, commercial-use aircraft based on the weight of the aircraft, similar
27 to the Kenai Peninsula Borough, and further proposes to increase the exemption on
28 taxable business personal property from \$20,000 to \$50,000.

29
30 Under AMC 12.10, all mobile homes are currently assessed at their full and true value.
31 By exempting non-commercial-use mobile homes within mobile home courts from
32 personal property taxation, as defined in the proposed ordinance, individuals residing in
33 mobile homes will receive a tax savings more commensurate with single-family homes
34 receiving residential exemption. Additionally, by establishing the mobile home exemption
35 cited in the proposed ordinance, Property Appraisal and Treasury staff will no longer be
36 tasked with administering the tax payment certificate program for the sale of mobile
37 homes, and there will be no need to issue and monitor mobile home decals.

38
39 Currently, all non-scheduled aircraft, both personal-use and commercial-use, are charged
40 an annual registration fee of \$75 for single engines and \$125 for two or more engines.
41 Under the ordinance, personal-use aircraft will no longer be taxed, and instead will be
42 treated similar to other exempted personal property such as personal-use boats and snow
43 machines. Adopting a non-scheduled commercial aircraft flat tax formula based on the

1 weight of the aircraft will bring businesses owning aircraft closer to equity with other
2 businesses who own taxable personal property. Note: the proposed formula for
3 assessing non-scheduled aircraft has been submitted as a separate Assembly
4 Memorandum (AM) simultaneous with the proposed Assembly Ordinance (AO). The
5 Administration recommends that both the AM for non-scheduled aircraft and the broad-
6 based AO be scheduled for approval on the same night as the public hearing date for the
7 AO.
8

9 Since 2005, only the first \$20,000 of the assessed value of business personal property
10 has been exempt; this coincides with the \$20,000 residential exemption that also began
11 that same year. In 2018, the residential real property exemption was increased from 10%
12 up to \$20,000 to 20% up to \$50,000. Under the proposed ordinance, the business
13 personal property assessment exemption is proposed to increase from \$20,000 to
14 \$50,000, which matches the maximum dollar amount of the business personal property
15 exemption with the residential real property exemption, and further extends tax relief to
16 all businesses operating within the municipality.
17

18 Under AMC 12.10, there is currently a 10% penalty assessed on a personal property
19 involuntary filing done by the Property Appraisal Division on behalf of a non-filing
20 business. The ordinance proposes to increase the penalty from 10% to 20%. Estimating
21 the assessed value of personal property on behalf of a non-filing business is a labor
22 intensive process on the part of Property Appraisal staff. This additional penalty is
23 intended to increase staff efficiency by encouraging non-filers to voluntarily comply with
24 AMC 12.10, thereby eliminating the need for staff to create filings on behalf of non-filing
25 businesses. If such a business files an amended return within one year of the original
26 filing due date, their penalty may be reduced by Property Appraisal from 20% to 10%.
27

28 Currently, real property taxes are due in two annual installments—June 15 and August
29 15. These mid-month due dates require a different interest accrual process from all other
30 months of the year, which can create confusion for taxpayers when reviewing their tax
31 bills. The ordinance proposes to change the two annual installment due dates to June 30
32 and August 31, which would eliminate mid-month interest accrual calculations. This will
33 also provide two weeks of additional time for real property owners to pay their taxes.
34 Personal property returns are currently due on April 20 of each year. The ordinance
35 proposes changing the due date to April 30, to coincide with the end of the month and to
36 simplify the process of determining when a filing is considered late and thus subject to a
37 penalty.
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39 Under existing Municipal Code, the Treasury Division is currently limited in its ability to
40 transfer excess funds from a property tax payment to another property tax account under
41 the same taxpayer's name, even if the payment was made to the wrong account by
42 mistake through an electronic payment process. This limitation in Municipal Code results
43 in Treasury staff issuing a refund check to the taxpayer, even when the taxpayer would
44 prefer to pay taxes on another account. Under the ordinance and with the taxpayer's
45 authorization, Treasury will be able to transfer excess funds to pay the taxes due on
46 another real or personal property account, or a DID account, that are in the taxpayer's
47 name. This will increase staff efficiency by reducing the volume of refund processing,
48 especially when the taxpayer would rather use the excess funds to pay on another
49 account, and will improve the accuracy and timeliness of property tax billing account
50 information.
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1 Other substantive revisions to Title 12 include: (1) adding the ability for the municipality
2 to protest a marijuana license transfer for reasons of unpaid debts or taxes arising from
3 the conduct of the licensed business; (2) adjusting the length of time a personal property
4 taxpayer can amend a filing to match with the amount of time cited in Alaska State Statute
5 during which a refund of overpaid taxes can be issued; and (3) capping the amount a
6 mobile home court can increase space rent to prevent excessive price increases and to
7 keep housing costs affordable for mobile home owners.

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9 Many of the proposed revisions under the ordinance are contingent upon implementation
10 of the new Tyler Technologies property assessment and tax billing system. The estimated
11 go-live date of the system is September 1, 2021, so it is the Administration's intention to
12 implement the changes identified in the proposed ordinance on that date. The details of
13 the ordinance's effective date are cited in section 5 of the proposed ordinance.

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15 A comprehensive SEE is attached.

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17 **THE ADMINISTRATION RECOMMENDS APPROVAL.**

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19 Prepared by: Jack Gadamus, Municipal Assessor
20 Daniel Moore, Municipal Treasurer
21 Approved by: Alexander Slivka, CFO
22 Concur: Lance Wilber, Director, Office of Management and Budget
23 Concur: Kathryn R. Vogel, Municipal Attorney
24 Concur: William D. Falsey, Municipal Manager
25 Respectfully submitted: Ethan A. Berkowitz, Mayor