

Proposed Amendment # 1 to AO 2021-36

AN ORDINANCE SETTING THE RATES OF TAX LEVY, APPROVING THE AMOUNT OF MUNICIPAL PROPERTY TAX, AND LEVYING TAXES FOR ALL SERVICE AREAS OF THE MUNICIPALITY OF ANCHORAGE GENERAL GOVERNMENT FOR 2021.

Submitted by: Acting Vice-Chair Weddleton and Assembly Member LaFrance

PROPOSED AMENDMENT

Purpose/Summary of Amendment: This amendment changes the rate of Areawide General Fund tax levy to correct an anomalous result for some residents in our municipality. The mill rate calculation used in 2021 and embodied in AO 2021-36 is the same methodology used in previous years. But in 2020, much of the municipal spending on COVID-19 relief efforts for the benefit of all Anchorage residents came from the areawide general fund, which has contributed to the increase in Areawide General Fund 101 mill rates. Because the municipality spent federal COVID-19 relief dollars on first responder payroll in 2020, the impact on the Anchorage Metropolitan Police Service Area and Anchorage Fire Service Area resulted in lower-than-normal mill rates this year to support those services.

The lower mill rate for police and fire helped offset the increase in the Areawide General Fund 101 mill rates for most taxpayers in the municipality. But taxpayers outside one or both service areas that benefited from federal assistance of first responder payroll (including Girdwood, Turnagain Arm as well as parts of Eagle River and of the Hillside) would experience the mill rates, as passed, as an increase in taxation without any offset. Neither the assembly nor the administration intended that any Anchorage residents should experience disproportionately higher taxes due to municipal spending on COVID-19 relief programs for all residents.

This amendment eliminates the disproportionate impacts. First, it adjusts the Areawide General Fund 101 mill rate from 2.54 to 2.61. This rate will enable the Municipality to raise the revenue needed to support the adopted budget while providing additional downward adjustments to the residents who had otherwise been left without a tax decrease. Second, the amendment provides that all taxpayers in the municipality receive the 2.62 mills decrease in taxes related to COVID-19 relief. Property owners who are in the police and fire service areas already received that decrease in their police and fire mill rates. Property owners who are outside the Anchorage Fire service area or who are outside both the AMPSA and Anchorage Fire service areas would receive an adjustment on their tax bill (in the Areawide General Fund 101 area) to bring them to the equivalent mill rate of savings. This amount will be reflected in taxpayers' bills as an adjustment.

TEXT OF AMENDMENT

(adding new language, [DELETING CURRENT CODE LANGUAGE] and [~~Deleting words proposed by the unamended AO that are not in current code~~])

Amendment No. 1.A.: AO Section 2, p. 1, beginning at line 16, amending as follows:

Section 2. Areawide General, Fund 101 a tax of **2.61** [~~2.54~~] mills

Amendment No. 1.B.: AO Section 42, p. 3, beginning at line 22, adding at the end:

The Areawide General Fund 101 rate shall also be adjusted to reflect tax revenue offset by COVID-19 relief spent on first responders for those taxpayers outside of the Anchorage Police and/or Fire Service Areas by providing downward adjustments of:

- **1.14 mills for tax districts outside the Anchorage Fire Service Area that are within the Anchorage Metropolitan Police Service Area (Tax Districts 5, 16, 30, 42, 47, 55, 56, and 58), and**
- **2.62 mills for tax districts that are outside the Anchorage Police and Anchorage Fire Service Areas (Tax Districts 4 and 15).**

Will there be any public or private economic effect to the proposed amendment?

YES NO (check one) **If yes, please detail below.**

Private property owners' tax bills are affected as described herein. There will be no public economic effect to the proposed amendment as the municipality will tax to the tax cap as planned.