

CLERK'S OFFICE
APPROVED
Date: 2-26-02

Submitted by: Assemblymember TESCHE
Prepared by: Department of Assembly
For reading: February 26, 2002

ANCHORAGE, ALASKA
AR NO. 2002-69

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING ENACTMENT OF
STATE LEGISLATION ADOPTING A CONSTITUTIONAL LIMIT ON THE RATE OF STATE INCOME,
SALES, AND USE TAXES IMPOSED AS A PART OF A STATE FISCAL PLAN.

WHEREAS, in order to assure that a Fiscal Plan does not unreasonably burden Alaskan taxpayers, the Alaska State Legislature is presently considering a measure that would allow the voters to decide whether to adopt a constitutional amendment which would limit the rate of State income, sales, and use taxes; and

WHEREAS, the proposed measure would assure Alaskan tax payers that the rates of income, sales, and use taxes to fund the operations of State government would not exceed five percent, thereby protecting individual taxpayers from unreasonable taxation; and


WHEREAS, the tax limitations of Article XIV of the Anchorage Home Rule Charter have provided effective limits on the ability of local government to extract property sales and other taxes from local residents without unduly limiting the Municipality's ability to fund necessary programs and services through non-tax revenues such as grants and user fees.

NOW, THEREFORE, the Anchorage Municipal Assembly resolves:

Section 1: The Anchorage Assembly urges the Alaska State Legislature to submit to the voters a constitutional amendment limiting the rate of State income, sales, and use taxes as part of a new Fiscal Plan for the State of Alaska, such as described in HJR 36 (see attached).

Section 2: That this resolution is effective upon passage and approval.

PASSED AND APPROVED by the Anchorage Municipal Assembly this 26th day of February, 2002.


Chair

ATTEST:


Municipal Clerk

HOUSE JOINT RESOLUTION NO. 36
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES CROFT, Hayes

Introduced: 2/1/02

Referred: Judiciary, Finance

A RESOLUTION

1 **Proposing an amendment to the Constitution of the State of Alaska relating to limiting**
2 **the rate of state income and sales and use taxes.**

3 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** Article IX, Constitution of the State of Alaska, is amended by adding a new
5 section to read:

6 **Section 18. Tax Cap.** (a) An income tax levied by the State shall be based
7 on a percentage of federal adjusted gross income and may not exceed a rate of five
8 percent of adjusted gross income as that term is defined in federal tax law.

9 (b) The rate of a sales or use tax levied by the State may not exceed five
10 percent of the sale price. This subsection does not limit the rate of a sales or use tax
11 levied by a municipality.

12 * **Sec. 2.** The amendment proposed by this resolution shall be placed before the voters of
13 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the
14 State of Alaska, and the election laws of the state.

Sectional Analysis HJR 36

Subject: Sectional Summary of HJR 36, proposing an amendment to the Constitution of the State of Alaska relating to limiting the rate of state income and sales and use taxes.

To: Representative Norm Rokeberg, House Judiciary Committee Chairman

This resolution would place before Alaskan voters an amendment to the Alaska State Constitution placing a cap on taxes collected by the State of Alaska.

Section 1. Inserts a new section into Article IX of the Constitution of the State of Alaska to cap any income or sales or use tax levied by the State of Alaska. An income tax would be capped at five percent of the federal adjusted gross income as defined by federal tax law. A sales or use tax would be capped at five percent of the sale price.

Section2. Places the amendment before the voters at the next general election.



Representative Eric Croft

HJR 36: Sponsor Statement
CONSTITUTIONAL CAP ON INCOME OR SALES TAXES

Down here in Juneau at the legislative session, there is a lot of talk about new taxes. My constituents have been giving me an earful on this issue in faxes, public opinion messages, and phone calls. Some people support some of the new tax measures and some oppose any new taxes. A growing number express a guarded willingness to have new taxes if they can be sure that a new tax, begun at a reasonable level, will not grow over the years to excessive amounts. To meet this concern, I have introduced a constitutional amendment to limit the amount of any new sales or income tax to no more than five percent.

Alaskans need to feel secure that any new tax proposals will not grow unreasonably. My proposed constitutional amendment meets this concern. The idea of a statewide tax cap is similar to the approach taken by the Municipality of Anchorage in limiting the amount of property taxes that can be collected each year. This charter amendment has effectively constrained the municipal spending and protected municipal property owners. The municipal tax cap also maintains the relationship between economic growth and the ability of the municipality to pay for the demand for schools, roads, and police that accompanies economic development. Put more simply, when we grow the Anchorage economy by new construction this increases the tax cap, allowing the municipal government to meet the increased need for schools, roads, and police services. Anchorage has wisely chosen a method to restrain the growth of government that allows and encourages economic development. For these reasons, I chose this model for my tax cap constitutional amendment.

Some in the legislature have proposed a constitutional spending cap which would arbitrarily set a two or four percent limit on the growth of state services from year to year. While this approach has some appeal, it does nothing to meet the real concern about the growth of taxes. Under a spending cap, there is no limit to the amount of an income or sales tax. A cap on spending might mean that we have deteriorating schools but still pay high taxes. More importantly, it is impossible to sit here in 2002 and predict accurately the exact amount of schools, roads, or police we will need thirty or forty years into the future. It shows an astonishing legislative arrogance to even try. If we had imposed a two percent spending cap in 1960, would we have been able to keep up with the need for increased police, fire and other services during the pipeline boom? That is why we chose another approach; we chose to cap taxes rather than try to predict spending levels in the future.

**Municipality of Anchorage
MUNICIPAL CLERK'S OFFICE
AGENDA DOCUMENT CONTROL SHEET**

AR 202-69

1	SUBJECT OF AGENDA DOCUMENT	DATE PREPARED <i>2-20-02</i> INDICATE DOCUMENTS ATTACHED <div style="text-align: center; font-size: 1.5em; margin-top: 10px;"><i>AR</i></div>
	<div style="font-size: 1.5em; font-family: cursive;"> Constitutional Limit on Rate of Taxes Imposed as part of State Fiscal Plan </div>	
2	DEPARTMENT NAME Assembly	DIRECTOR'S NAME Dick Traini
3	THE PERSON THE DOCUMENT WAS ACTUALLY PREPARED BY	HIS/HER PHONE NUMBER
4	COORDINATED WITH AND REVIEWED BY	INITIALS
	DATE	
	Mayor	
	Heritage Land Bank	
	Merrill Field Airport	
	Municipal Light & Power	
	Port of Anchorage	
	Solid Waste Services	
	Water & Wastewater Utility	
	Municipal Manager	
	Cultural & Recreational Services	
	Employee Relations	
	Finance, Chief Fiscal Officer	
	Fire	
	Health & Human Services	
	Office of Management and Budget	
	Management Information Services	
	Police	
	Planning, Development & Public Works	
	Development Services	
	Facility Management	
	Planning	
	Project Management & Engineering	
	Street Maintenance	
	Traffic	
	Public Transportation Department	
	Purchasing	
	Municipal Attorney	
	Municipal Clerk	
	Other	
5	SPECIAL INSTRUCTIONS/COMMENTS	
	<div style="font-size: 1.5em; font-family: cursive; text-align: center;"> For Action 9.B </div>	
6	ASSEMBLY MEETING DATE <i>2-26-02</i>	7 PUBLIC HEARING DATE REQUESTED <i>—</i>

