

Amended & Failed 2/1/11

Submitted by: ASSEMBLY MEMBER BIRCH
Prepared by: Dept. of Law
For reading: December 14, 2010

**ANCHORAGE, ALASKA
AO No. 2010-92**

1 AN ORDINANCE SUBMITTING TO THE QUALIFIED VOTERS OF THE
2 MUNICIPALITY OF ANCHORAGE AT THE REGULAR MUNICIPAL ELECTION ON
3 APRIL 5, 2011, A BALLOT PROPOSITION AMENDING ANCHORAGE MUNICIPAL
4 CHARTER SECTION 14.03 TO ADD A NEW SECTION TO DEFINE 'BASE
5 AMOUNT' IN THE CALCULATION FOR THE TAX INCREASE LIMITATION (TAX
6 CAP).
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9 **THE ANCHORAGE ASSEMBLY ORDAINS:**

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11 **Section 1.** Pursuant to Anchorage Municipal Charter Article XVIII, a ballot
12 proposition amending the Anchorage Municipal Charter Section 14.03 in substantially
13 the following form and substance shall be submitted to the qualified voters of the
14 Municipality of Anchorage at the next regular Municipal election to be held on April 5,
15 2011:
16

17
18 **PROPOSITION NO. _____**

19
20 **SHALL ANCHORAGE MUNICIPAL CHARTER BE AMENDED TO**
21 **ADD A NEW SECTION TO DEFINE 'BASE AMOUNT' IN THE**
22 **CALCULATION FOR THE TAX INCREASE LIMITATION (TAX CAP),**
23 **AS FOLLOWS (a portion of the section is included for context;**
24 **only underlined language is new):**
25

26 **Section 14.03. Tax increase limitation.**

27
28 (a) Except as provided in this section, the total amount of
29 municipal tax that can be levied during a fiscal year shall not
30 exceed the total amount approved by the assembly for the
31 preceding year by more than a percentage determined by
32 adding the average percentage increase in the Federal
33 Consumer Price Index for Anchorage from the preceding five
34 fiscal years plus the average percentage growth or loss in the
35 Anchorage municipal population over the preceding five fiscal
36 years ...
37

38 *** *** ***

39 (d) The base amount for calculating the next year's tax increase
40 limit shall be the amount of property taxes to be collected in
41 the current year.
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43 (Initiative, prop. 24, 10-4-83; initiative, prop. 9, 4-7-09)
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Section 2. Section 1 of this ordinance shall become effective immediately upon passage if, and only if, said Proposition is passed by a majority of the qualified voters in the Municipality of Anchorage voting on this Proposition on April 5, 2011.

PASSED AND APPROVED by the Anchorage Assembly this _____ day of _____, 2011.

Chair of the Assembly

ATTEST:

Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- General Government

AO Number: 2010-92

Title: AN ORDINANCE SUBMITTING TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE AT THE REGULAR MUNICIPAL ELECTION ON APRIL 5, 2011, A BALLOT PROPOSITION AMENDING ANCHORAGE MUNICIPAL CHARTER SECTIN 14.03 TO ADD A NEW SECTION TO DEFINE 'BASE AMOUNT' IN THE CALCULATION FOR THE TAX INCREASE LIMITATION (TAX CAP).

Sponsor: Assembly Member Birch
 Preparing Agency: Office of Management and Budget

CHANGES IN EXPENDITURES AND REVENUES:		(In Thousands of Dollars)				
	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	
Operating Expenditures						
1000 Personal Services						
2000 Non-Labor						
3900 Contributions						
4000 Debt Service						
TOTAL DIRECT COSTS:	\$ -	\$ -	\$ -	\$ -	\$ -	
Add: 6000 Charges from Others						
Less: 7000 Charges to Others						
FUNCTION COST:	\$ -	\$ -	\$ -	\$ -	\$ -	
REVENUES:						
CAPITAL:						
POSITIONS: FT/PT and Temp						

PUBLIC SECTOR ECONOMIC EFFECTS:

The proposed Charter change stipulates the base to be used in calculating the tax cap, which will ensure consistent interpretation by the Municipality in its annual calculation of the Tax Cap.

PRIVATE SECTOR ECONOMIC EFFECTS:

The private sector (property tax payers) will benefit because the Charter amendment will protect against a substantial increase in property taxes from one year to the next by ensuring the Tax Cap calculation uses the lower number (amount of property taxes to be collected) as the base. This contrasts with the prior Administration's practice of using the amount of taxes that could have been collected) as the base, which is a higher number.

Prepared by: Cheryl Frasca, Director OMB

Telephone: 343-4496

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 672-2010

Meeting Date: December 14, 2010

1 **From: CHRIS BIRCH, ASSEMBLY MEMBER**

2
3 **Subject: AN ORDINANCE SUBMITTING TO THE QUALIFIED VOTERS OF**
4 **THE MUNICIPALITY OF ANCHORAGE AT THE REGULAR**
5 **MUNICIPAL ELECTION ON APRIL 5, 2011, A BALLOT**
6 **PROPOSITION AMENDING ANCHORAGE MUNICIPAL CHARTER**
7 **SECTION 14.03 TO ADD A NEW SECTION TO DEFINE 'BASE**
8 **AMOUNT' IN THE CALCULATION FOR THE TAX INCREASE**
9 **LIMITATION (TAX CAP).**

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

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15 Integral to the Tax Cap is the "base" used to calculate the limit. For more than
16 twenty years, the base was the amount of property taxes collected in the prior year.
17 However, a second interpretation used the amount of taxes that *could have been*
18 *collected* (a higher number) as the base, potentially exposing taxpayers to dramatic
19 property tax increases.

20
21 This ballot proposition is the "Taxpayer Protection Act"; it clarifies the base to be
22 used in calculating the Tax Cap is the amount of the prior years' property taxes to
23 be collected, not the amount of taxes that could have been collected under the Tax
24 Cap. As a result, when the amount of the total property tax is less than the
25 allowable Tax Cap, the lower tax amount to be collected is used as the base.

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27 This clarification captures the intent of the Tax Cap to limit tax increases to the
28 amount of taxes collected for the preceding year, rather than the amount of taxes
29 that could have been collected under the Tax Cap.

30
31 Prepared by:
32 Department of Law

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34 Respectfully submitted:

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38 CHRIS BIRCH, ASSEMBLY MEMBER

Content ID: 009695

Type: Ordinance - AO

AN ORDINANCE SUBMITTING TO THE QUALIFIED VOTERS OF THE MUNICIPALITY OF ANCHORAGE AT THE REGULAR MUNICIPAL ELECTION ON APRIL 5, 2011, A BALLOT PROPOSITION AMENDING ANCHORAGE

Title: MUNICIPAL CHARTER SECTION 14.03 TO ADD A NEW SECTION TO DEFINE 'BASE AMOUNT' IN THE CALCULATION FOR THE TAX INCREASE LIMITATION (TAX CAP).

Author: westoverf

Initiating Dept: Legal

Review Depts: MuniManager

Description: AO TO VOTERS ON APRIL 5, 2011 TO AMEND AMC CHARTER 14.03 TO ADD A NEW SECTION TO DEFINE 'BASE AMOUNT' IN THE CALCULATION FOR THE TAX INCREASE LIMITATION (TAX CAP)

Keywords: Chris Birch Ballot Proposition, tax increase limitation, tax cap

Date Prepared: 12/6/10 9:24 AM

Assembly Meeting Date: 12/14/10

Public Hearing Date: 1/11/11

Workflow Name	Action Date	Action	User	Security Group	Content ID
Clerk_Admin_SubWorkflow	12/6/10 9:46 AM	Exit	Joy Maglaqui	Public	009695
MuniManager_SubWorkflow	12/6/10 9:46 AM	Approve	Joy Maglaqui	Public	009695
Legal_SubWorkflow	12/6/10 9:30 AM	Approve	Rhonda Westover	Public	009695
AllOrdinanceWorkflow	12/6/10 9:30 AM	Checkin	Rhonda Westover	Public	009695