

Introduced by: Drathman
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Hearing: 12/17/96
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Action: Defeated
Vote: 2 Yes 7 No

**KENAI PENINSULA BOROUGH
ORDINANCE 96-47**

**AN ORDINANCE AMENDING THE TAX CODE TO CREATE A
\$50,000 PERSONAL PROPERTY TAX EXEMPTION AND
ESTABLISHING A FLAT TAX FOR MOTOR VEHICLES**

- WHEREAS,** the current personal property tax system is burdensome to taxpayers while the majority of returns provide limited benefit to the borough; and
- WHEREAS,** the top twenty personal property tax payers pay approximately forty-three percent of all property taxes collected by the borough; and
- WHEREAS,** exempting the first \$50,000 of personal property other than motor vehicles from property taxes would reduce taxable assessed values by approximately \$118,372,794; and
- WHEREAS,** approximately 63,816 motor vehicles are presently registered to owners residing in the Kenai Peninsula Borough; and
- WHEREAS,** Alaska Statute 28.10.431(a) and (b) provide for municipalities to receive taxes collected by the state upon registration of motor vehicles through a fee schedule included in the statute; and
- WHEREAS,** motor vehicles in the Kenai Peninsula Borough are assessed taxes upon registration as provided by AS 28.10.431 and pursuant to KPB Ordinance 5.12.245; and
- WHEREAS,** Alaska Statute 28.10.431 was recently amended to enable municipalities to increase or decrease such taxes collected by the state by passing an appropriate ordinance, and that any such change shall become effective by filing written notice with the state by January 1 of the year preceding the year in which the change is to take effect; and

WHEREAS, revenues lost by creating a \$50,000 exemption for personal property could be recovered by imposing a flat tax on motor vehicles as allowed by the amended AS 28.10.431; and

WHEREAS, the assembly finds that collecting a larger share of personal property taxes through the motor vehicle taxes may simplify personal property tax reporting and collection; and

WHEREAS, Alaska statutes were also recently amended to require municipal taxes on motor vehicles to be collected biannually;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That KPB 5.12.125 is enacted to read as follows:

5.12.125 Personal property tax — Exemptions — First \$50,000.00.

In addition to other exemptions required or allowed by law, the first \$50,000 of assessed valuation of personal property, other than motor vehicles, owned by each taxpayer shall be exempt from the borough tax levy on personal property within the borough. For taxpayers with more than one personal property tax account, the exemption shall be distributed pro rata amongst all of the taxpayer's accounts based on the proportion of the assessed value in each account to the total assessed value of that taxpayer's personal property.

SECTION 2. That 5.12.245 is amended to read as follows:

5.12.245. Personal property tax — Annual motor vehicle registration tax — Levy — Distribution.

A. There is levied a[n annual] biennial motor vehicle registration tax within the borough pursuant to the provisions of AS 28.10.431 and as such statute may be hereafter amended, revised or replaced, according to the following schedule:

Motor Vehicles:

(1)	<u>Motorcycle.....</u>	<u>\$ 60.00</u>
(2)	<u>Noncommercial passenger vehicles or motor homes</u> <u>as defined in AS 28.10.421(b)(1).....</u>	<u>\$ 60.00</u>
(3)	<u>Vehicles specified in AS 28.10.421(b)(3) (i.e. Taxicabs).....</u>	<u>\$ 60.00</u>
(4)	<u>Commercial vehicles defined in AS 28.10.421(c)(1)-(4):</u>	
	<u>5,000 pounds or less.....</u>	<u>\$348.20</u>
	<u>5,001-12,000 pounds.....</u>	<u>\$ 348.20</u>
	<u>12,001-18,000 pounds.....</u>	<u>\$ 348.20</u>
	<u>18,001 pounds or over.....</u>	<u>\$ 348.20</u>
(5)	<u>Motor Bus with a seating capacity for 20 or more persons, used</u> <u>only for commercial purposes, as defined in AS 28.10.421(b)(4).....</u>	<u>\$ 200.00</u>

- (6) Non-commercial trailers as defined in AS 28.10.421(b)(6)..... \$ 40.00
- (7) Amateur Mobile Radio Station as defined in AS 28.10.421(d)(8).....\$ 60.00
- (8) Non-commercial pickup trucks or vans not exceeding 6,000 pounds
unladen weight as defined in AS 28.10.421(b)(2).....\$ 60.00
- (9) Vehicles eligible for dealer plates under AS 28.10.421(d)(9).....\$ 60.00

B. Money received by the borough under this section and AS 28.10.43, and as such statute may be hereafter amended, revised or replaced, shall be allocated by the borough for city, borough, and service areas using the same method as taxes are distributed, except that population shall be the basis rather than assessed value. The method is as follows:

1. The population of each tax code area (TCA)] shall be determined. Population shall be established by the latest figures determined by the Kenai Peninsula Borough and accepted by the State of Alaska Department of Community and Regional Affairs for allocation of state revenue sharing funds, or other reliable data. Where a TCA boundary and the boundary of the most similar area counted for population (usually a voting precinct) do not coincide, an estimate of the population of the dissimilar area shall be made to arrive at the most accurate determination of population of the TCA. The sum of the populations of all TCA's shall equal the total population of the borough.

2. The total receipts shall be apportioned to each TCA based upon its percentage of the total borough population.

3. The receipts apportioned to a particular TCA shall be distributed to the taxing jurisdiction areas (TJA's) which make up that TCA. Such distribution shall be based upon the mill rates of the TJA's compared to the total mill rate of the TCA. The percentage shall be equal to the TJA mill rate divided by the total mill rate for the TCA.

C. One motor vehicle per household owned by a resident 65 years of age or older on January 1st of the assessment year is exempt from the registration tax under AS 28.10.431. An exemption may be granted under this subsection only upon written application on a form prescribed by the department of public safety.

SECTION 3. That pursuant to AS 28.10.431(i) the administration shall file a written notice of this change in the scheduled amount of tax on motor vehicles with the Alaska Department of Public Safety prior to January 1, 1997.

SECTION 4. That Sections 1 and 2 of this ordinance shall take effect January 1, 1998, and Section 3 shall take effect immediately upon enactment of this ordinance.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS _____ DAY OF _____, 1996.

Jack Brown, Assembly President

ATTEST:

Gaye J. Vaughan, Borough Clerk