

Introduced by: Finance Committee
Date: November 18, 1997
Hearings: December 2, 1997
December 16, 1997
Action: Enacted
Vote: Unanimous

**KENAI PENINSULA BOROUGH
ORDINANCE 97-73**

**AN ORDINANCE AMENDING THE TAX CODE TO
ESTABLISH A FLAT TAX FOR WATERCRAFT,
CREATE A \$100,000 PERSONAL PROPERTY TAX EXEMPTION,
AND INCREASE THE MOTOR VEHICLE TAX**

- WHEREAS,** the current personal property tax system is burdensome to many taxpayers, and the majority of returns provide limited benefit to the borough in that the top twenty personal property tax payers pay approximately forty-five percent of all personal property taxes collected by the borough; and
- WHEREAS,** based on the current certified main role, it is estimated that exempting the first \$100,000 of personal property, other than motor vehicles and watercraft, from property taxes would reduce the number of personal property tax accounts owing taxes from approximately 6,285 to approximately 236, eliminating approximately 96% of the ad valorem personal property tax accounts; and
- WHEREAS,** revenues lost by creating a \$100,000 exemption for personal property could be partially recovered by increasing the tax on motor vehicles as allowed by AS 28.10.431 and by imposing a flat tax on watercraft; and
- WHEREAS,** imposing a flat tax on watercraft instead of taxing them on an ad valorem basis would significantly simplify assessment and enforcement of personal property taxes on watercraft in the borough, and can be structured to encourage watercraft to domicile in the borough by reducing the amount of personal property taxes paid on such watercraft; and
- WHEREAS,** Alaska Statute 28.10.431 enables municipalities to receive taxes collected by the state upon registration of motor vehicles using either the fee schedule included in the statute or a municipal schedule set by ordinance, provided that written notice of any municipal schedule is filed with the state by January 1 of the year preceding the year in which the change is to take effect; 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, the assembly finds that exempting the first \$100,000 of personal property, other than motor vehicles and watercraft, from ad valorem taxes, imposing a flat tax on watercraft and exempting them from ad valorem taxes, and increasing motor vehicle taxes to partially offset revenue losses, in the manner provided in this ordinance, is in the best interests of the borough because it will significantly simplify personal property tax reporting, collection and administration in a reasonably fair manner;

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

SECTION 1. That KPB 5.12.040(A) shall be amended as follows:

5.12.040. Corrections - Valuation and tax exemption disputes - Administrative adjustment meeting.

A. A person receiving an assessment notice must advise the assessor of errors or omissions in the assessment of the person's property, in the determination of ownership or classification of property subject to a flat tax, or of disputes in the assessed value or taxable status of the property, within 30 days after the date of mailing a notice of assessment.

SECTION 2. That KPB 5.12.050 shall be amended as follows:

5.12.050. Valuation and flat tax appeal procedure.

A. A property owner or agent or assign of the property owner may appeal to the borough assembly sitting as a board of equalization for relief from an alleged error in valuation not adjusted by the assessor to the property owner's satisfaction, or, in the case of property subject to a flat tax, an alleged error in ownership or classification of property.

B. An appellant must, within 30 days after the mailing of the notice of assessment, submit to the assessor a written appeal, specifying the name of the owner, a legal description of the property, and the grounds for the appeal. The appeal must be received by the assessor within 30 days after the mailing of the notice of assessment, or the right to appeal ceases. Appeal forms shall be available from the borough assessor's office.

C. The grounds for appeal are: unequal, excessive, improper or under valuation of the property not adjusted by the assessor to the property owner's satisfaction, or an error in ownership or classification of property.

D. The assessor shall notify the appellant by mail of the time and place of hearing, and board of equalization procedures, in time to allow the appellant to submit documents to the board as set out in this chapter.

E. A city in the borough may appeal an assessment to the borough board of equalization in the same manner as the property owner. Within 5 days after receipt of the appeal, the assessor shall notify the property owner of the appeal by the city. The property owner may appear and participate in an appeal of an assessment by a city.

SECTION 3. That KPB 5.12.125 is enacted to read as follows:

5.12.125 Personal property tax -- Exemptions -- First \$100,000.00.

In addition to other exemptions required or allowed by law, the first \$100,000 of assessed valuation of personal property, other than motor vehicles and watercraft, 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 \$100,000 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 4. That section 5.12.150(A) shall be amended as follows:

5.12.150 Personal Property tax - Assessments - Boats - Repair exemption - Appeal.

A. For purposes of taxation, U.S. Coast Guard registered watercraft subject to a tax shall be totally exempted from ad valorem taxes, and shall be taxed in accordance with the following flat tax schedule. [TAXED ON THE BASIS OF FULL AND TRUE VALUE] Watercraft shall be measured according to length overall.

Watercraft Flat Tax Schedule

Class	Watercraft Length Overall	Annual Tax
1	Less than 15 ft	\$ 0
2	15 to less than 20 ft	0
3	20 to less than 25	50
4	25 to less than 36 feet	150
5	36 to less than 60 feet	250
6	60 to less than 100 feet	500
7	100 or more feet in length	1,000

SECTION 5. That KPB 5.12.180 shall be amended to read as follows:

5.12.180 Personal property tax--Returns--Filing required when.

Every person owning or having an interest in or holding or controlling personal property subject to personal property tax in the borough, shall file a return with the assessor on or before February 15th of each year, said return to be in the form adopted, or altered from time to time by resolution of the assembly. Copies of said form shall be available free of charge from the borough clerk. The mayor is authorized to adopt regulations, subject to assembly approval, for the administration and enforcement of this provision.

SECTION 6. That 5.12.245 (A) is amended to read as follows:

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

A. There is levied [AN ANNUAL] a 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, based on the age of the vehicle as determined by model year in the first year of the biennial period, according to the following schedule. The categories under "Type" are intended to coincide with the categories provided in AS 28.10.431(b), as now enacted or as may be hereinafter amended.

MOTOR VEHICLE TAX SCHEDULE

BIENNIAL SCHEDULE

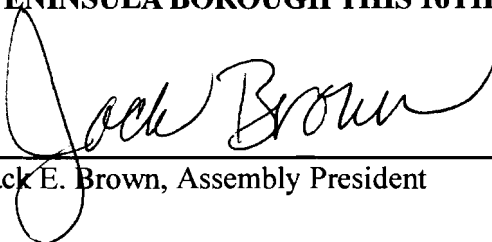
Type	1st	2nd	3rd	4th	5th	6th	7th	8th or over
Passenger	\$140	\$120	\$100	\$ 80	\$ 60	\$ 50	\$ 40	\$ 30
Pick up/ Van	\$140	\$120	\$100	\$ 80	\$ 60	\$ 50	\$ 40	\$ 30
Taxicab	\$150	\$130	\$110	\$ 90	\$ 70	\$ 60	\$ 50	\$ 40
Motor Bus	\$200	\$180	\$160	\$140	\$120	\$100	\$ 75	\$ 50
Motorcycle	\$ 20	\$ 18	\$ 16	\$ 14	\$ 12	\$ 10	\$ 10	\$ 10
Trailers (Non-Commercial)	\$ 20	\$ 18	\$ 16	\$ 14	\$ 12	\$ 10	\$ 10	\$ 10
Ttl Com (< 5k lbs)	\$150	\$130	\$110	\$ 90	\$ 70	\$ 60	\$ 50	\$ 40
Ttl Com (5k, <= 12k)	\$200	\$180	\$160	\$140	\$120	\$100	\$ 75	\$ 50
Ttl Coml (>12k, <=18k)	\$300	\$260	\$220	\$180	\$140	\$100	\$ 80	\$ 60
Ttl Com (>18k)	\$400	\$350	\$300	\$250	\$200	\$150	\$100	\$ 70
Dealer Plates (Initial)	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Dealer (Subsequent sets)	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100

SECTION 7. 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, 1998.

SECTION 8. That Sections 1, 2, 3, 5 and 6 of this ordinance shall take effect January 1, 1999, Section 4 shall take effect January 1, 1998, and Section 7 shall take effect immediately upon enactment of this ordinance.

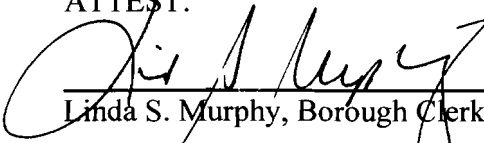
SECTION 9. The provisions of this ordinance shall sunset on December 31, 2001 unless extended beyond that date by ordinance.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 16TH DAY OF DECEMBER, 1997.



Jack E. Brown, Assembly President

ATTEST:



Linda S. Murphy, Borough Clerk