

Introduced by: Moss
Date: 11/18/03
Hearing: 12/16/03, 01/06/04, 01/20/04, 03/16/04 & 04/06/04
Action: Amended and Postponed until 01/20/04
Action: Additional Public Hearings Added
Action: Amended & Postponed until 04/06/04
Action: Enacted as Amended
Vote: 6 Yes, 1 No, 2 Absent

**KENAI PENINSULA BOROUGH
ORDINANCE 2003-45**

**AN ORDINANCE AMENDING KPB CHAPTER 5.12 TO PROVIDE FOR
A FLAT TAX ON AIRCRAFT**

WHEREAS, KPB 5.12.120 currently provides that all personal property within the corporate limits of the borough is subject to an annual ad valorem tax, and KPB 5.12.125 exempts the first \$100,000 of assessed valuation of personal property from the ad valorem tax; and

WHEREAS, motor vehicles and watercraft are currently taxed according to flat tax schedules, which have proven to be more simple to administer than an ad valorem tax; and

WHEREAS, the Municipality of Anchorage currently imposes a flat tax on aircraft, which provides a more favorable tax situs for more valuable aircraft than does the borough; and

WHEREAS, imposing a flat tax on aircraft situated within the borough is authorized by Alaska Statute 29.45.055;

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

SECTION 1. That KPB 5.12.120 is hereby amended to read as follows:

5.12.120. Personal property tax—Levied—Amount—Statutory authority.

All personal property within the corporate limits of the borough which is not exempt from taxation by law or ordinance, is subject and liable to an annual tax for school and borough purposes, of not more than 8 mills on the assessed valuation of such property, unless the people of the borough by referendum, authorize a tax levy at a higher rate and except as authorized by Section 5.12.250 and the owner thereof shall be liable for payment of the tax This shall not apply to property subject to a flat tax and exempted from the ad valorem tax in this chapter. The borough shall collect such tax as is levied on the property within a city by the city council pursuant to law and Charter.

SECTION 2. That KPB 5.12.155 is hereby enacted to read as follows:

5.12.155. Personal property tax—Assessments—Aircraft—Appeal.

- A. For purposes of taxation, aircraft that have been issued an N number by the Federal Aviation Administration (“FAA”) by January 1 of the tax year shall be totally exempted from ad valorem taxes and shall be taxed in accordance with the following flat tax schedule:

AIRCRAFT FLAT TAX SCHEDULE BASED ON (MGWIL)					
Manufacturers Gross Weight with an Internal Load					
Fixed Wing			Rotorcraft/Rotary Wing		
Class	Weight	Annual Tax	Class	Weight	Annual Tax
1	Less than 2,000 lbs	\$50	1	Less than 1,500 lbs	\$100
2	2,000 to less than 4,000 lbs	\$100	2	1,500 to less than 3,500	\$600
3	4,000 to less than 6,000 lbs	\$300	3	3,500 or more in weight	\$1,000
4	6,000 to less than 12,500 lbs	\$600			
5	12,500 or more in weight	\$1,000			

- B. The owner of record of an aircraft that has been dismantled, destroyed or crashed and the FAA N number has been retained by the aircraft’s owner of record may submit to the assessor on an approved form “Aircraft Statement of Condition” that would allow for ad valorem taxation of that aircraft if approved. Aircraft for which such registration or licensing has lapsed or that has not passed the annual inspection required by the FAA shall not qualify on this basis alone for ad valorem taxation unless it has been dismantled, destroyed or crashed.
- C. Commercial aircraft operated under a regular schedule by a scheduled airline shall be exempt from the flat tax and shall be taxed on an ad valorem basis in accordance with the KPB landing schedule formula. The KPB landing schedule formula provides for the prorated calculation of scheduled aircraft by dividing the total hours per year into the total time aircraft operated by a scheduled carrier are in the KPB, and multiplying the result by the assessed value of each aircraft.
- D. Definitions. For purposes of this section:
“Aircraft” means any engine powered contrivance invented, used, or designed to navigate, or fly in, the air and that is capable of being manned and is required by the FAA to be registered and certified in order to be manned.
“Aircraft engine” means an engine used, or intended to be used, to propel an aircraft, except the tail rotor of a helicopter.
“Commercial aircraft” means any aircraft transporting passengers and/or cargo for some payment or other consideration, including money or services rendered.

“Crashed” means aircraft for which only parts remain that, due to their condition, can no longer be assembled to create any contrivable aircraft. This shall be evidenced by an FAA accident report and/or copy of an insurance claim that determines the aircraft to be a total loss.

“Destroyed” means aircraft that have been damaged by age, weather, neglect and/or external influences outside the owner’s control, and only unusable parts remain that, due to their condition can no longer be assembled to create any contrivable aircraft. This shall be evidenced by photographs and a physical inspection by the KPB Assessing staff appraiser if deemed necessary by the borough assessor.

“Dismantled” means aircraft that have been voluntarily disassembled and only parts remain that can no longer be assembled to create any contrivable aircraft. Evidence such as photographs and a physical inspection by the KPB Assessing staff appraiser shall be provided or allowed if deemed necessary by the borough assessor.

“Scheduled airline. A "scheduled airline" is any individual, partnership, corporation or association:

- (1) Engaged in air transportation under regular schedules to, over, away from, or within the U.S.; and
- (2) Holding a Foreign Air Carrier Permit or a Certificate of Public Convenience and Necessity, issued by the Department of Transportation pursuant to 14 CFR Parts 201 and 213.

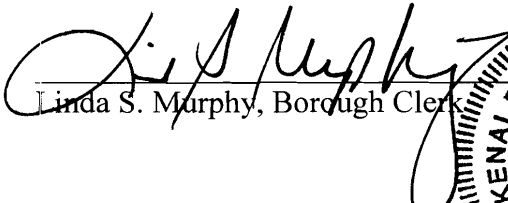
E. An aircraft owner may appeal the determination of the borough assessor under this section using the procedures set out in KPB 5.12.050 - .060.

SECTION 3. That this ordinance be effective as of January 1, 2005.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 6TH DAY OF APRIL, 2004.


Pete Sprague, Assembly President

ATTEST:


Linda S. Murphy, Borough Clerk

