

# **MATANUSKA-SUSITNA BOROUGH - SPECIAL MEETING**

**ASSEMBLY - JUNE 28, 2001**

## **I. CALL TO ORDER**

The special meeting of the Matanuska-Susitna Borough Assembly was held on June 28, 2001, at the Matanuska-Susitna Borough Assembly Chambers, Palmer, Alaska. The meeting was called to order at 6 p.m. by Mayor Timothy L. Anderson. The purpose of the special meeting was to continue the public hearing on Ordinance Serial Nos. 01-089 and 01-092, proposing a sales tax.

## **II. ROLL CALL**

Assembly members present and establishing a quorum were:

Mr. Larry DeVilbiss, Assembly District No. 1  
Ms. Sara Jansen, Assembly District No. 2 (Deputy Mayor)  
Mr. Talis J. Colberg, Assembly District No. 3  
Mr. Dan Kelly, Assembly District No. 4 (entered at 6:10 p.m.)  
Ms. Jody Simpson, Assembly District No. 5  
Mr. Jim Colver, Assembly District No. 6 (entered at 6:30 p.m.)  
Ms. Kelly Lankford Ladere, Assembly District No. 7

Staff in attendance were:

Ms. Sandra Dillon, Borough Clerk  
Mr. John Duffy, Borough Manager  
Mr. Michael Gatti, Borough Attorney  
Ms. Joell Church, Borough Clerk's Staff  
Mr. Karl Borglum, Borough Assessor

## **III. PLEDGE OF ALLEGIANCE**

The pledge of allegiance was led by a member of the audience, Renae Ogle.

## **IV. SPECIAL ORDERS**

A. PUBLIC HEARING (Continued from June 19, 2001)

1. Ordinance Serial No. 01-089: AN ORDINANCE AUTHORIZING THE MATANUSKA-SUSITNA BOROUGH TO LEVY A SALES TAX NOT EXCEEDING TWO AND ONE-HALF PERCENT OF SALES, SERVICES, AND RENTALS WITHIN THE BOROUGH, AND TO SUBMIT THE QUESTION OF THE LEVYING OF THE SALES TAX AND ESTABLISHING OF AN AREA-WIDE PROPERTY TAX LIMIT TO THE QUALIFIED VOTERS OF THE BOROUGH AT THE OCTOBER 2, 2001, BOROUGH ELECTION. (Sponsor: Assemblymember Colberg)

a. Ordinance Serial No. 01-092: AN ORDINANCE ADOPTING MSB CHAPTER 3.35, A UNIFORM SALES TAX.

(1) IM No. 01-131

(2) IM No. 01-133

Mayor Anderson opened the public hearing which was continued from the June 19, 2001, assembly meeting.

The following spoke in favor of the ordinance as presented: Kim Floyd, Anne Kilkenney, Barbara Morris (representing the National Education Association), Sheila Dickman (representing the Classified Employees Association), and Ruth McMullen.

Mary Psenak recommended setting the mill rate cap at 8 mills or less, stated that one assembly cannot bind another,

and encouraged more review of the ordinances as proposed.

Bernadette Rupright spoke in opposition to the ordinance as proposed; suggested a 2 percent sales tax with an 8-mill cap.

Pio Cottini voiced concerns of the ballot language, the inability of one assembly to bind a future assembly, and the expectation of revenue generation.

Eddie Grasser voiced concerns on the legality of setting a mill rate cap.

Lee Sharp spoke in favor of sales tax but recommended removal of the language setting a mill cap.

Vera Ewer spoke in support of a sales tax and opposed the proposed 11-mill cap.

The following opposed the ordinance as presented: State Representative Scott Ogan, James Harpster, and Annette Harpster.

There being no one else who wished to be heard, the public hearing was closed and discussion moved to the assembly.

MOTION: Assemblymember Colberg moved for adoption of Ordinance Serial Nos. 01-089 and 01-093, and spoke in support of presenting the question to the voters.

MOTION: Assemblymember Colberg moved a primary amendment to add a repealer section (proposed 3.35.260) to Ordinance Serial No. 01-092 to read as follows:

3.35.260 REPEAL.

MSB 3.35 is repealed in its entirety in the event the areawide real property tax levy exceeds 11.00 mills, subject to the exceptions contained in MSB 3.35.250.

Discussion ensued on the issue of one assembly's ability to bind a future assembly.

WITHDRAW: Assemblymember Colberg requested the motion be withdrawn. There was no objection.

MOTION: Assemblymember DeVilbiss moved a primary amendment to strike all reference to an 11 mill cap on the property tax.

Discussion followed concerning the clarity of the ballot language.

GENERAL CONSENT: The primary amendment passed without objection.

MOTION: Assemblymember Colver moved a primary amendment to strike "two and one-half percent" and insert "two percent" throughout both ordinances.

GENERAL CONSENT: The primary amendment passed without objection.

MOTION: Assemblymember Colver moved a primary amendment to Ordinance Serial No. 01-092 (proposed 3.35.080, bond requirement) by striking the phrase "when in judgment of the borough manager, it is in the best interests of the borough to do so" and inserting "when there is a history of more than two occurrences of delinquency by the tax payer." If adopted the paragraph would read:

The borough may require a seller to post a bond, furnish a statement of net worth, or furnish additional security to ensure the full and prompt payment of taxes to be collected under this chapter, when there is a history of more than two occurrences of delinquency by the tax payer.

GENERAL CONSENT: The primary amendment passed without objection.

MOTION: Assemblymember Colver moved a primary amendment to Ordinance Serial No. 01-092 (proposed 3.35.100(A)) by adding at the end of the section the phrase "excepting a seasonal business will be exempt from monthly reporting when not in operation. Seasonal businesses will indicate on a monthly return that they will cease operations for the season and the date the seasonal business will resume operations."

GENERAL CONSENT: The primary amendment passed without objection.

MOTION: Assemblymember Colver moved a primary amendment to Ordinance Serial No. 01-092 (paragraph 10) to strike the phrase "; provided, however, that the exemption shall not apply to the sale of materials and supplies to contractors for the manufacture or production of property or rendering services for sale to such government units or agencies on a contract bid award, in which event the contractor shall be deemed the buyer, subject to the payment of the tax" and insert the phrase "including labor, materials, and supplies provided by subcontractors and consultants to the prime contractor or vendor which is rendering services for sale to such governmental units."

If adopted, paragraph 10 would read:

Gross receipts or proceeds derived from sales or services provided to the United States Government or the state or any political subdivision thereof are exempt, including labor, materials, and supplies provided by subcontractors and consultants to the prime contractor or vendor which is rendering services for sale to such governmental units.

VOTE: The primary amendment failed with Assemblymember Colver in support.

The special meeting recessed at 8:35 p.m. and reconvened at 8:50 p.m.

MOTION: Assemblymember Kelly moved a primary amendment to change the structure of the ordinance to more specifically delineate the exemptions from the taxables.

WITHDRAW: After discussion, Assemblymember Kelly requested to withdraw the motion and asked the attorney to review the structure of the ordinance. There was no objection.

MOTION: Assemblymember Kelly moved a primary amendment to Ordinance Serial No. 01-092, (proposed MSB 3.35.060(A)(4)) to insert the words "utilities, fuel" between the words "food" and "edible" in the first line and to insert the phrase "by senior citizens or" between the words "purchased" and "with." If adopted the paragraph would read:

(4) All purchases of food, utilities, fuel, edible confections, beverages, and drinks sold or dispensed by retail stores that are purchased by senior citizens or with food stamps, food coupons . . . (Infants or Children) are exempt.

WITHDRAW: After discussion Assemblymember Kelly requested to withdraw the motion. There was no objection.

MOTION: Assemblymember Kelly moved a primary amendment to Ordinance Serial No. 01-092, (proposed MSB 3.35.060(A)(4) and (A)(11)) because they appeared duplicative.

WITHDRAW: After discussion and the clarification that paragraph (A)(4) spoke to purchases of food and paragraph (A)(11) spoke to the certificates, Assemblymember Kelly requested to withdraw the motion. There was no objection.

MOTION: Assemblymember Kelly moved a primary amendment to Ordinance Serial No. 01-092, to strike MSB 3.35.060(A)(6).

WITHDRAW: After discussion Assemblymember Kelly requested to withdraw the motion. There was no objection.

MOTION: Assemblymember Kelly moved a primary amendment to Ordinance Serial No. 01-092, to amend MSB 3.35.060(A)(6) by striking the word "taxed" in the first phrase and inserting the word "exempted."

VOTE: The primary amendment failed with Assemblymember Kelly in support.

MOTION: Assemblymember Kelly moved a primary amendment to Ordinance Serial No. 01-092, to MSB 3.35.030(D) by striking the words "personal" in the third and fifth lines and inserting the words "real."

VOTE: The primary amendment failed with Assemblymember Kelly in support.

MOTION: Assemblymember Colver moved a primary amendment to Ordinance Serial No. 01-092, to MSB 3.35.070 to insert the words "public or" between the words "of" and "private" at the beginning of the second line. If adopted, the section would read:

The buyer who proposes to undertake construction of public or private building or buildings in the amount . . . payment of tax will relieve the seller from the obligation to collect the tax.

VOTE: The primary amendment passed without objection.

Discussion ensued on the applicability of the ordinance to the fair vendors, reporting issues, and the borough assuming collection of the taxes for the cities.

Mr. Borglum:

- stated that businesses will be taxed in the course of doing business;
- explained that the borough would collect tax on the gross receipts while allowing the business to determine how to collect the taxes.

MOTION: Assemblymember Colver moved a primary amendment to Ordinance Serial No. 01-092 to MSB 3.35.060(A)(5) by striking the second sentence. If adopted, the paragraph would read:

That part of the periodic selling price of a single service that exceeds \$500 is exempt. A single service is an interrelated and interdependent function.

VOTE: The primary amendment failed with Assemblymembers Jansen and Colver in support.

VOTE: The main motion to adopt Ordinance Serial Nos. 01-089 and 01-092, as amended, passed with Assemblymember Lankford Ladere opposed.

MOTION: Assemblymember Jansen moved for immediate reconsideration of Ordinance Serial Nos. 01-089 and 01-092.

VOTE: The motion to reconsider failed unanimously.

## **V. MAYOR AND ASSEMBLY COMMENTS**

Assemblymember Colver:

- spoke to the sales tax ordinances; and
- noted that he attended the dedication of the Matanuska Glacier Wayside and encouraged the borough to support similar tourism projects.

Assemblymember Kelly:

- noted that he ran his campaign on funding education;
- stated that he preferred sales tax as a source of revenue; and
- voiced his objection to deleting the mill cap from the sales tax ordinance.

Assemblymember DeVilbiss:

- clarified that he supported bringing a sales tax proposition to the voters, but noted that he will not be campaigning for the proposition; and
- stated that he expects to continue supporting funding education to the maximum allowed by state law.

Assemblymember Lankford Ladere:

- commented on her motion regarding Sunshine Ambulance, the mayor's subsequent veto, that she will be working with administration on the best possible service in the most expedient time;
- noted that she is working with the manager to develop an economic development plan in the Petersville area;
- reported that a commercial enterprise is activating state permit of a RS 2477 for road upgrades;
- stated that road upgrades being made in patented lands indicate growth; and
- spoke to inactivated mineral closing orders and interested mining operators.

Assemblymember Simpson

- attended the loading of the houses at the port on Wednesday.

Assemblymember Jansen:

- voiced her disappointment that the sale tax proposition would go before the voters without an accompanying mill cap;
- supported a change in state law to allow a cap on the mill rate; and
- emphasized the need for diversification of revenue.

Mayor Anderson:

- expressed his disappointment that the sales tax proposition would go before the voters without an accompanying mill cap;
- spoke to the probability of a statewide 10-mill property tax cap being adopted;
- thanked Assemblymember Kelly for attending the opening of the new rest area facility at mile 100 on the Glenn Highway;
- thanked Assemblymember Jansen for her willingness to attend a barbeque being arranged by Circle View residents in recognition of the borough's quick response to repairing dike 4; and
- thanked staff for their continued efforts.

## **VI. ADJOURNMENT**

The special meeting adjourned at 10:08 p.m.

*Signed copy available at the clerk's office*