

I. CALL TO ORDER

The special meeting of the Matanuska-Susitna Borough Assembly was held on July 27, 2004, at the Borough Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 6 p.m. by Mayor Timothy L. Anderson, for the purpose of holding a public hearing on Ordinance Serial Nos. 04-122 and 04-132.

II. ROLL CALL

Assembly members present and establishing a quorum were:

Mr. J. Bruce Bush, Assembly District No. 1
Mr. Talis J. Colberg, Assembly District No. 3
Ms. Mary Kvalheim, Assembly District No. 4
Ms. Jody Simpson, Assembly District No. 5
Mr. Jim Colver, Assembly District No. 6 (*Deputy Mayor*) (*arrived at 7:10 p.m.*)
Ms. Betty Vehrs, Assembly District No. 7

Assembly members absent and excused were:

Mr. Bill Allen, Assembly District No. 2

Staff in attendance were:

Ms. Michelle M. McGehee, CMC, Borough Clerk
Ms. Janice A. Case, Deputy Borough Clerk
Mr. John Duffy, Borough Manager
Ms. Teresa S. Williams, Borough Attorney
Ms. Tammy Clayton, Finance Director
Mr. Allen Black, Borough Assessor
Mr. Dennis Brodigan, Emergency Services Director

III. APPROVAL OF AGENDA

Mayor Anderson inquired if there were any changes to the agenda.

GENERAL CONSENT: The agenda was approved as presented.

IV. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Wasilla Mayor Dianne Keller.

V. SPECIAL ORDERS (to begin at 6 p.m.)

- A. PUBLIC HEARINGS (Three minutes per person.)
 - 1. Ordinance Serial No. 04-122: AN ORDINANCE ADOPTING MSB 3.35, A UNIFORM SALES TAX.
 - a. Ordinance Serial No. 04-132: AN ORDINANCE AUTHORIZING THE MATANUSKA-SUSITNA BOROUGH TO LEVY A SALES TAX NOT EXCEEDING 1 PERCENT OF SALES, SERVICES, AND RENTALS WITHIN THE BOROUGH, AND TO SUBMIT THE QUESTION OF THE LEVYING OF THE SALES TAX TO THE QUALIFIED VOTERS OF THE BOROUGH AT THE OCTOBER 5, 2004, BOROUGH ELECTION. (*Sponsor: Mayor Anderson*)
- (1) IM No. 04-186

Mayor Anderson reopened the public hearing.

The following person spoke in opposition to Ordinance Serial Nos. 04-122 and 04-132: Mr. James Gerhart.

The following person stated that the Borough needed to educate the residents of the Borough regarding the sales tax: Mr. Verdie Bowen.

The following person spoke in support of Ordinance Serial Nos. 04-122 and 04-132: Mr. Dan Elliot.

The following person thanked Mr. Duffy and Ms. Clayton for attending the Wasilla City Council meeting to discuss the proposed sales tax: Wasilla City Mayor Dianne Keller.

The following person stated that there are no guarantees that the mill rate will not increase if the proposed sale tax is adopted: Ms. Annette Harpster.

The following persons spoke in support of Ordinance Serial Nos. 04-122 and 04-132: Ms. Kathy Wells and Ms. Cheryl Mativa.

The following persons spoke in opposition to Ordinance Serial Nos. 04-122 and 04-132: Mr. Billy Crawford and Mr. Kevin Sorenson.

The following person spoke regarding the previous proposed sales taxes for the Borough: Ms. Jean Woods.

The following person spoke regarding educating the community with the benefits of the proposed sales tax: Ms. Kim Floyd, Public Information Specialist for the School District.

The following person spoke in support of placing the proposed sales tax on the ballot: Ms. Jean Kay.

The following person spoke in support of Ordinance Serial Nos. 04-122 and 04-132: Mr. Ron Rucker.

The following person spoke in support of the proposed sales tax and discussed the system for collecting the sales tax: Ms. Debbie Harrsion.

The following person spoke regarding the proposed sales tax remaining at 1 percent: Mr. Pio Contini.

(The regular meeting recessed at 6:50 p.m. and reconvened at 7:15 p.m.)

There being no others who wished to testify, the public hearing closed and discussion moved to the Assembly.

(Main motion pending from 6/29/04)

MOTION: Assemblymember Bush moved a primary amendment to Ordinance Serial No. 04-122, section 2, MSB 3.35.030, Tax Levied; Rate, to insert subsection (F) to read, "Any proposed increase in the rate of taxation must be first approved by the electorate."

VOTE: The primary amendment passed without objection.

MOTION: Assemblymember Kvalheim moved a primary amendment to Ordinance Serial No. 04-122, MSB 3.35.030(E), to insert a new sentence at the end of the subsection to read, "The borough may enter into a contract with a municipality within the borough that levies a sales tax for the collection of sales taxes within the respective municipality's boundaries."

Assemblymember Kvalheim spoke in support of the amendment.

Assemblymember Vehrs spoke in support of the amendment, as it is supported by the city of Houston.

VOTE: The primary amendment passed without objection.

MOTION: Assemblymember Kvalheim moved a primary amendment to Ordinance Serial No. 04-122, section 2, MSB 3.35.060, Exemptions, to insert a paragraph to read, "Gross receipts or proceeds derived from services provided for child daycare, pre-elementary school, and from babysitting services."

Assemblymember Colberg inquired if there is a similar exemption in the city of Palmer.

Mr. Duffy replied that there is not a similar exemption in the city of Palmer.

VOTE: The primary amendment passed without objection.

MOTION: Assemblymember Kvalheim moved a primary amendment to Ordinance Serial No. 04-122, MSB 3.35.040, Examples of Taxed Transaction, and MSB 3.35.060, Exemptions, as follows:

MSB 3.35.040(A)(6), to strike the phrase “or living quarters”, to strike the phrase, “apartments, rooming houses, public lodging houses”, and to strike the phrase, “single or multiple-unit residences or”, to read, “Renting rooms or offices or other commercial space of whatever name or nature by hotels, or by firms or individuals renting offices or other commercial space, including state or federally subsidized rentals.”

MSB 3.35.060(A), to insert a new paragraph to read, “Gross receipts or proceeds derived from residential rentals which have a term of thirty or more consecutive days.”

MSB 3.35.060(A)(6)(a), to insert the phrase, “with the exception of residential rentals which exceed 30 days as addressed in MSB 3.35.060(A)(29)” to read, “That part of the periodic rental price that exceed \$500 for rental of a single item of real or personal property is exempt with the exception of residential rentals which exceed 30 days as addressed in MSB 3.35.060(A)(29).”

Assemblymember Kvalheim spoke to the amendment.

Ms. Clayton stated that the cities of Wasilla and Houston have similar exemptions.

VOTE: The primary amendment passed without objection.

MOTION: Assemblymember Bush moved a primary amendment to Ordinance Serial No. 04-122, section 2, MSB 3.35.060, Exemptions, to insert a paragraph to read, “Agricultural products grown and harvested in the borough.”

Assemblymember Bush spoke in support of the amendment.

Assemblymember Colberg inquired if the grocery stores would be expected to separate locally grown products.

Assemblymember Bush affirmed that the locally grown products would need to be separated at the grocery stores.

Assemblymember Colver stated that this might be difficult for grocery stores.

Discussion ensued regarding exempting agricultural products grown and harvested in the Borough.

MOTION: Assemblymember Simpson move to lay the primary amendment on the table.

VOTE: The motion passed with Assemblymember Bush opposed.

MOTION: Assemblymember Colver moved a primary amendment to Ordinance Serial No. 04-132, section 3, to insert the phrase “of \$500 or less” between the words “rentals” and “within” and to insert the phrase “as more fully described in Ordinance Serial No. 04-122” to the end of the ballot proposition to read:

“Shall the Matanuska-Susitna Borough:

1. Levy a sales tax not exceeding 1 percent on sales, services, and rentals of \$500 or less within the Borough, as more particularly described in Ordinance Serial No. 04-122?”

VOTE: The primary amendment passed without objection.

MOTION: Assemblymember Colver moved a primary amendment to Ordinance Serial No. 04-132, to insert a fifth WHEARAS clause to read, “WHEREAS, it is the desire of the Assembly to offset existing property taxes with any revenue raised from this ordinance.”

Assemblymember Colberg asked for clarification of the intent of the amendment.

Assemblymember Colver stated that the intent is to reflect the desire of the Assembly to offset property taxes with the proposed sales tax.

Assemblymember Bush opined that the amendment is not binding and could be more specific.

Discussion ensued regarding the primary amendment.

VOTE: The primary amendment failed with Assemblymembers Bush, Colberg, and Vehrs opposed and Assemblymembers Kvalheim, Simpson, and Colver in support. (Tie vote.) The primary amendment **passed** with Mayor Anderson invoking his right to vote in the affirmative.

(The regular meeting recessed at 8:10 p.m. and reconvened at 8:30 p.m.)

MOTION: Assemblymember Colver moved to postpone Ordinance Serial Nos. 04-122 and 04-132 to August 10, 2004.

VOTE: The motion to postpone passed without objection.

VI. AUDIENCE PARTICIPATION (Three minutes per person.)

The following persons spoke regarding the Matanuska River erosion: Ms. Julie Martin, Ms. Linda Smith, Mr. Keith Smith, Mr. Sam Tuck, Mr. D.H. Cannon, Mr. Russell Sanders, Mr. Ron Thornsley, and Ms. Julia Milan.

The following person spoke regarding the proposed sales tax and encouraged the Assembly to have another public hearing on the proposed sales tax: Wasilla City Mayor Dianne Keller.

VII. MAYOR, ASSEMBLY, AND STAFF COMMENTS

Ms. McGehee:

- confirmed that the special meeting will be on August 10, 2004, at 6 p.m. to discuss the sales tax; and
- reminded the Assembly that the joint Assembly/Municipality of Anchorage work session is scheduled for August 13, 2004, at 12 noon.

Mr. Duffy:

- stated that the Borough has asked the Governor to identify funds to use for a short-term solution for the Matanuska River erosion;
- noted that the Borough has been working with the Corps of Engineers on both a short-term and long-term solution; and
- stated that the Borough has also been working with the Congressional Delegation to find state and federal resources.

Assemblymember Simpson asked Administration to bring forward documentation reflecting the ability to deliver services under different mill rates.

Assemblymember Bush inquired regarding the Borough's policy to address erosion.

Mr. Duffy replied that it has been suggested that the Borough identify erosion zones, so that homes are not built in these areas.

Assemblymember Bush:

- stated that he would like to set a policy of the Matanuska-Susitna Borough to fix the Matanuska-Susitna River erosion issue rather than to buy out affected property owners;
- opined that the Borough should be working on trying to fix the river;
- asked Mr. Duffy to bring back a resolution on the Borough's policy regarding erosion; and
- referred to a plan to solve the river erosion problem prepared by Mr. Bill Long.

Assemblymember Vehrs:

- noted that she will be going to Skwentna for the yearly clean-up;
- stated that her constituents in District 7 have asked what they will receive in return for passing the proposed sales tax; and
- discussed the tax credit citizens in Europe receive for making improvement on their homes.

Assemblymember Colver inquired what the Corps of Engineers has been working on to help solve the Matanuska River Erosion problem.

Mr. Duffy:

- replied that he has forwarded the report from Mr. Long to the Corps of Engineers,
- stated that he has requested that the Governor issue an administrative order identifying an eminent emergency;
- noted that he has been told verbally that they would be turned down; and
- stated that the Congressional Delegation has provided a considerable amount of help and has been supportive of finding a solution.

Assemblymember Colver stated that the Borough needs to explore every possible option available to help with the erosion.

Mayor Anderson:

- thanked the Circle View residents for attending the meeting tonight;
- stated that Mr. Duffy is doing everything possible to help resolve this problem;
- noted that they were in Washington D.C. when the problem started to occur and discussed it with Congressional Delegation;
- noted that the Borough is bound by the Corps of Engineers permitting;
- stated that he would personally call the Governor tomorrow for help;
- commented that he would be absent for the August 3, 2004, regular Assembly meeting;
- stated that he would also miss the Port Ground Breaking Ceremony;
- noted that it was his intent to give the public and the Assembly the maximum amount of time to make comments and amendments to the proposed sales tax legislation in order to fine tune it;
- stated that he intends on visiting various agencies and to educate people on the proposed sales tax.

VIII. ADJOURNMENT

The special meeting adjourned at 9:35 p.m.

/s/

TIMOTHY L. ANDERSON, Borough Mayor

ATTEST:

/s/

MICHELLE M. MCGEHEE, CMC, Borough Clerk

Minutes approved: August 17, 2004