

**AN ORDINANCE THAT LIMITS THE AMOUNT OF  
BOROUGH TAX THAT CAN BE LEVIED**

**BE IT ORDAINED:**

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the code of the Kenai Peninsula Borough.

Section 2. The Kenai Peninsula Borough Code of Ordinances shall be amended by enacting Chapter 5.05 as follows:

**Chapter 5.05 Tax Increase Limitations**

**5.05.010 Total amount of taxes that can be levied or imposed.**

A. Except as provided in this section, the total amount of borough tax that can be levied or imposed from all sources during a fiscal year shall not exceed the total amount approved by the borough assembly for the preceding year by more than an amount computed based upon the two most recent annual figures appearing as values for the ‘Consumer Price Index for Anchorage’ (as defined herein).

B. The limitations set forth in subsection A do not apply to the following:

1. Any appropriation made to pay or secure payment of principal and/or interest on bonds, which were approved by voters.
2. Taxes required to fund services authorized by voter approved ballot issues.
3. Funding of new judgments entered against Kenai Peninsula Borough less any services no longer provided.
4. Special appropriations necessary on an emergency basis to fund unavoidable expenses ensuring the public peace, health or safety.
5. Any special appropriations added to the base as a result of this section shall be of limited duration and shall cease upon return to the pre-emergency status.

C. The Borough Assembly shall use the formula and definitions below for computation of the total amount of borough tax that can be levied or imposed by applying the provisions of KPB 5.05.020 and shall, by May 31<sup>st</sup> of each fiscal year, publish its calculations showing these computations for each taxing jurisdiction.

**5.05.020 Computation of maximum allowable total tax revenues:**

The maximum tax revenue allowed under KPB 5.05.010 is computed for the next fiscal year as follows:

A. The formula for the computation of maximum allowable tax revenue is  $(A-B)+C+D=E$ , where:

1. "A" equals the amount of tax revenue derived from actual taxes levied on taxable real property in each taxing jurisdiction in the current fiscal year and all other tax revenues;
2. "B" equals the total amount of all deductions made prior to the cost of living adjustment under KPB 05.05.010(A) and is the sum of the following:
  - B.1 The actual payment of principal and interest on bonds made in the current fiscal year, less actual state reimbursement for school construction debt;
  - B.2 All surplus funds remaining from any borough construction project or equipment purchased that was completed or paid for in the current fiscal year;
  - B.3 The principal and interest paid on any bonds that were retired in the current fiscal year;
  - B.4 All excess property taxes levied that were offset by sales tax revenues in excess of the previous fiscal year projections;
  - B.5 Any judgments paid off in the current fiscal year;
  - B.6 Any special appropriations paid off in the current fiscal year.
3. "C" is the product of the percentage change in the Consumer Price Index for All Urban Consumers for Anchorage, Alaska (as defined herein) during the prior fiscal year (CPI) multiplied by the net taxes levied (A-B) in the current fiscal year;
4. "D" equals the total amount of all exclusions under KPB 5.05.020 and is the sum of all the following:
  - D.1 Taxes to provide for services approved by voters in the previous fiscal year;
  - D.2 Taxes required during the fiscal year to fund the cost of judgments entered against the borough and agreements settling litigation against the borough.
  - D.3 Special appropriations necessary on an emergency basis.
5. "E" equals the maximum amount of revenue proceeds from all taxes that can be levied or imposed from all sources for the next fiscal year.

B. The point in time to use for the proper calculation of allowable property tax mill rates, for all taxing jurisdictions, shall be the next tax roll as certified by the borough assessor on June 1<sup>st</sup> of each year.

This specific point in time shall be utilized for both the figures in the prior year and the current year.

**5.05.030 Definitions.**

As used in this chapter, the following definitions shall apply:

1. “Current fiscal year” is the fiscal year during which the next fiscal year budget is prepared.
2. “Fiscal year” means the fiscal year adopted for the Kenai Peninsula Borough;
3. “Emergency” means the imminent threat of or the occurrence of widespread damage, injury, or loss of life resulting from any natural or man-made cause, including, but not limited to fire, explosion, flood, earthquake, landslide, mudslide, volcanic activity, avalanche, weather conditions, epidemic, blight, infestation, riot, loss of public utilities, shortage of food, water, fuel or clothing, or the accidental release or discharge of toxic substances or hazardous substances, when the cost is in excess of funds available in the unreserved fund balance of the taxing jurisdiction affected. “Emergency” does not include appropriations for the normal operations of a service area or the Office of Emergency Management.
4. “New judgment” means the judgment reserve sufficient to cover the total cost of all judgments and arbitration awards during the next fiscal year when the cost is in excess of funds available in the unreserved fund balance of the taxing jurisdiction or the borough, including principal, interests, fees and costs;
  - a. Additional services which may be required by a court order;
  - b. Claims made against the borough which are likely to be paid in the next fiscal year and, if so paid, will avoid the entry of judgment against the borough, provided that the claims are reasonable and are likely to result in a liability against the borough.
5. “Next fiscal year” is the fiscal year following the current fiscal year and for which the new budget is being prepared.
6. The “percentage change in the Consumer Price Index for All Urban Consumers for Anchorage, Alaska” is the mathematical outcome of the following computation obtained by dividing the next-to-the-last value into the last value obtainable from the figures published by the Bureau of Labor Statistics in the United States Department of Labor for such index; rounding is to four decimal places.
7. “Prior fiscal year” is the fiscal year immediately preceding the current fiscal year.
8. “Taxing jurisdiction” means a taxing unit of the Kenai Peninsula Borough. A service area is a taxing jurisdiction.
9. “Voter-approved services” includes but is not limited to:

- a. A service specifically authorized by the voters of a taxing jurisdiction;
- b. Programs directly related to capital projects approved by voters which are in addition to services in the current fiscal year budget;
- c. Services added by the creation or alteration of the boundaries of a taxing jurisdiction if the creation or alteration of the boundaries of said taxing jurisdiction were approved at a regular election by the voters of said taxing jurisdiction. Taxes required to provide a “voter-approved service” are the estimated first full-year costs of voter-approved services less revenue other than taxes projected to be generated from the voter-approved services, for the number of months in the next fiscal year for which the voter-approved service will be provided.

**5.05.040 Ballot Information.**

In the interest of better citizen understanding of the impacts of their approval of special projects and programs, all borough programs or projects placed on the ballot soliciting voter approval shall include for approval an estimate of operation and maintenance costs for the first full year of operation.

Section 3. Transition. This ordinance shall be applied to budgets adopted for the next fiscal year following certification of the election approving the same and shall use the figures from the current fiscal year.

Section 4. Severability. If any provision of this Act, or the application thereof to any person or circumstances is held invalid, the remainder of this Act and the application to other persons or circumstances shall not be affected thereby.