

I. CALL TO ORDER

The special meeting of the Matanuska-Susitna Borough Assembly was held on June 16, 2009, at the Borough Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 3:10 p.m. by Deputy Mayor Lynne Woods.

II. ROLL CALL

Assembly members present and establishing a quorum were:

Ms. Lynne Woods, Assembly District No. 1 (*Deputy Mayor*)
Mr. Pete Houston, Assembly District No. 2 (*Arrived at 3:10 p.m.*)
Ms. Michelle R. Church, Assembly District No. 3
Mr. Mark Ewing, Assembly District No. 4
Ms. Cindy L. Bettine, Assembly District No. 5
Mr. Robert Wells, Assembly District No. 6 (*Arrived at 3:11 p.m.*)
Mr. Tom Kluberton, Assembly District No. 7

Staff in attendance were:

Ms. Lonnie R. McKechnie, Borough Clerk
Mr. John Duffy, Borough Manager
Mr. Nick Spiropoulos, Borough Attorney
Mr. Keith Rountree, Public Works Director
Mr. Dennis Brodigan, Emergency Services Director
Ms. Linda Brenner, Community Development Director
Mr. Mark Mayo, Planning and Land Use Director
Ms. Patty Sullivan, Public Affairs Director
Ms. Tammy Clayton, Finance Director
Ms. Cheyenne Heindel, Financial Analyst
Mr. Robert Haskell, Chief Animal Care and Regulation Officer
Mr. Dave Hanson, Economic Development Director

III. APPROVAL OF AGENDA

Deputy Mayor Woods inquired if there were any changes to the agenda.

GENERAL CONSENT: There was no objection noted.

IV. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Ms. Jay Nolfi, a former Assembly Member.

V. ITEMS OF BUSINESS

- A. Ordinance Serial No. 09-055(SUB): AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AUTHORIZING THE MATANUSKA-SUSITNA BOROUGH TO ENACT AN AREAWIDE REAL PROPERTY TAX LIMIT OF 7.8 MILLS, TO ENACT AN AREAWIDE SALES TAX NOT EXCEEDING 3 PERCENT OF SALES, SERVICES, AND RENTALS WITHIN THE BOROUGH, ENACT AN AREAWIDE RESIDENTIAL REAL PROPERTY TAX EXEMPTION OF \$10,000 OF ASSESSED VALUE, PROVIDE A SUNSET OF THE PROVISION, AND TO SUBMIT THE QUESTIONS TO THE QUALIFIED VOTERS OF THE BOROUGH AT THE OCTOBER 6, 2009, REGULAR BOROUGH ELECTION.
 1. Ordinance Serial No. 09-056: AN ORDINANCE ADOPTING MSB 3.35, A UNIFORM SALES TAX.
 - a. IM No. 09-083

MOTION PENDING: Assemblymember Bettine moved to adopt Ordinance Serial Nos. 09-055(SUB) and 09-056.

Ms. Heindel:

- provided an overview of the Borough meetings with the cities regarding the sales tax;
- stated that there were a variety of questions posed to the Borough by the cities;
- noted that the discussion focused on the best way to implement a sales tax;
- related that she visited some businesses in Palmer and Wasilla; and
- advised that none of the businesses had expressed concerns regarding applying the sales tax rules.

Assemblymember Ewing queried if any of the national companies that were contacted were worried about losing business to Anchorage.

Ms. Heindel:

- advised that none of the national chains expressed concern;
- spoke to the education and training that will occur before the sales tax is implemented;
- spoke to tax payment allocation for partial payments;
- stated that the cities are requesting that this be a non-areawide sales tax;
- noted that non-areawide does not cover its expenditures now, so this would create a larger deficit;
- stated that an agreement needs to be in place between the merchants, the cities and the Borough on how penalties and interest would be refunded; and
- spoke to the possibility of having code compliance issue citations on delinquent sales tax accounts.

Assemblymember Ewing spoke to the ordinance not allowing a forgiveness clause for vendors who have always paid their taxes in a timely manner.

Ms. Heindel:

- advised that there were discussions regarding additional staff to carry out sales tax collection;
- stated that additional code compliance employees would need to be hired; and
- noted the Borough is budgeted for four collections staff, one supervisor and three support staff;
- stated that no additional enforcement staff have been budgeted; and
- advised that when the Borough does implement a sales tax, that they would inherit the cities delinquent tax accounts and will immediately have enforcement issues.

Assemblymember Bettine queried if code compliance would be writing the citations for delinquent taxes.

Ms. Heindel stated that they could be involved.

Assemblymember Ewing:

- queried the number of code compliance issues that have been settled within the last year; and
- further asked what typical amounts are being collected as fines.

Mr. Spiropoulos:

- noted that fines generally range from \$150 to \$300; and
- stated that collection rates vary.

Assemblymember Church queried if staff from accounting would be needed for this.

Ms. Heindel stated that the staff that is funded within the budget would be accounting staff.

Assemblymember Church stated that she was unsure why code compliance would be involved at all, if the funds were for accounting staff.

Ms. Heindel noted that the accounting staff is for collections and not enforcement.

Discussion ensued regarding:

- compensating cities for time spent on collection;
- cities requesting clarification on MSB 3.35.020(E);
- city of Palmer's concerns regarding affordability of the sales tax for seniors;
- clarifying the point of delivery;
- exemptions on sales tax;
- exemption of raw materials to a manufacturer;
- real estate sales;
- computer upgrades and impacts on businesses;
- tax deadlines;
- incentives that cities of Houston and Wasilla currently use for early filers;
- amended returns intent within the ordinance;
- financial penalty charged to the Borough for late payments to cities;
- possibilities for collecting sales tax;

- exemptions and how to track them;
- flat rate fees;
- small businesses concerned with loosing business;
- how sales tax will affect the property tax; and
- research that Administration is performing regarding the financial impact of the sales tax on small business.

Deputy Mayor Woods queried if there was any objection to continuing and scheduling a public hearing on Ordinance Serial Nos. 09-055(SUB) and 09-056 for July 21, 2009.

There was no objection noted.

VI. AUDIENCE PARTICIPATION

The following persons spoke in opposition to the Borough implementing a sales tax: Mr. Dave Jenkins, Ms. Bernadette Rupright, and Ms. Jay Nolfi.

The following person spoke in support of tax diversification: Mr. Randy Dellar.

The following person spoke in opposition to the Borough implementing a sales tax and spoke to meetings that have occurred with the cities and the Borough: Mr. Troy Tankersly, Wasilla City Finance Director.

MOTION: Assemblymember Ewing moved to extend the meeting to 5:15 p.m.

VOTE: There was no objection noted.

VII. MAYOR, ASSEMBLY AND STAFF COMMENTS

Assemblymember Ewing:

- expressed his concerns with the inaccurate math figures regarding the revenue the sales tax will provide the Borough; and
- noted his opposition to a sales tax.

Assemblymember Church:

- stated that she would like to see the meetings with the cities and the Borough being geared at resolving issues; and
- opined that if the issues were resolved more quickly, that staff would be able to work on other things.

Deputy Mayor Woods:

- spoke to the sales tax providing funding for collector road maintenance;
- stated that the Borough should review essential services and then decide how to proceed;
- noted that she sees the sales tax as a way to build infrastructure, not government; and
- opined that the sales tax would provide tax diversification.

VIII. ADJOURNMENT

This special meeting adjourned at 5:20 p.m.

ATTEST:

TALIS J. COLBERG, Borough Mayor

LONNIE R. McKECHNIE, CMC, Borough Clerk

Minutes approved: 07/21/09