

I. CALL TO ORDER

The special meeting of the Matanuska-Susitna Borough Assembly was held on June 29, 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 for Ordinance Serial Nos. 04-122, 04-123, 04-124, and 04-132; addressing the motion to amend the effective date of Ordinance Serial No. 04-099 and Resolution Serial No. 04-080, previously adopted May 26, 2004; and addressing Ordinance Serial No. 04-116.

II. ROLL CALL

Assembly members present and establishing a quorum were:

Mr. J. Bruce Bush, Assembly District No. 1
Mr. Bill Allen, Assembly District No. 2
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*)
Ms. Betty Vehrs, Assembly District No. 7

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
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 Ms. Jay Nolfi, a member of the audience.

VII. NEW BUSINESS

A. MOTION TO AMEND ORDINANCE SERIAL NO. 04-099 AND RESOLUTION SERIAL NO. 04-080 (REAL ESTATE TRANSFER FEE), PREVIOUSLY ADOPTED AT THE

MAY 26, 2004, SPECIAL ASSEMBLY MEETING, SPECIFICALLY IN REGARD TO THE EFFECTIVE DATE OF THE LEGISLATION. (*Sponsor: Assemblymember Allen*)

MOTION: Assemblymember Allen moved to amend Ordinance Serial No. 04-099 and Resolution Serial No. 04-080, previously adopted at the May 26, 2004, special Assembly meeting, specifically in regard to the effective date of Ordinance Serial No. 04-099, by striking July 1, 2004, and inserting November 2, 2004.

Assemblymember Allen:

- spoke to the request for the effective date change;
- stated that he will be asking to repeal the real estate transfer fee upon passage of the sales tax or severance tax propositions;
- commented that postponing the effective date for the real estate transfer fee will give voters options to vote on for diversifying revenue sources; and
- spoke to uniting behind the sales tax proposal.

Assemblymember Vehrs:

- spoke in opposition to the effective date change;
- stated that she would also ask to repeal the real estate transfer fee after the sales tax or severance tax passes; and
- commented that the Borough has committed funds to the School District with the projected revenue from the real estate transfer fee.

Assemblymember Colver:

- spoke to the decrease in budgets; and
- stated that government is a fee for service operation.

VOTE: The motion to amend Ordinance Serial No. 04-099 and Resolution Serial No. 04-080, previously adopted at the May 26, 2004, special Assembly meeting, specifically in regard to the effective date of Ordinance Serial No. 04-099, by striking July 1, 2004, and inserting November 2, 2004, failed with Assemblymembers Bush, Allen, and Colberg in support.

VIII. UNFINISHED BUSINESS

- A. Ordinance Serial No. 04-116: AN ORDINANCE APPROVING A REAPPROPRIATION OF \$55,000 FROM THE ACCOUNTING DIVISION OPERATING BUDGET, FUND 100, AND \$54,956 FROM THE ASSESSMENT DIVISION OPERATING BUDGET, FUND 100, TO FUND 480 FOR FINANCIAL SYSTEM UPGRADE AND THE NEW ASSESSMENT SYSTEM. (*Sponsors: Assemblymembers Allen, Kvalheim, and Colver*)
1. IM No. 04-164
 2. IM No. 04-197

Mayor Anderson explained the purpose for addressing this legislation prior to the previously postponed date.

MOTION: Assemblymember Allen moved to suspend the rules for the purpose of addressing Ordinance Serial No. 04-116, which was previously postponed to July 20, 2004.

VOTE: The motion to suspend the rules passed without objection.

Mr. Duffy provided a staff report.

(Motion pending from June 15, 2004)

MOTION: Assemblymember Colver moved a primary amendment to Ordinance Serial No. 04-116, section 2, to strike "\$155,000" and to insert "\$55,000".

VOTE: The primary amendment passed without objection.

VOTE: The main motion passed as amended without objection.

(The special meeting recessed at 6:25 p.m. and reconvened at 7 p.m.)

V. SPECIAL ORDERS (to begin at 7 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

Mr. Duffy:

- reported that at the budget public hearings there were comments that the Borough needed to diversify its source of revenues;
- noted that a 1 percent sales tax would generate an estimated \$5.5 million per year in revenue and would cost an estimated \$200,000 to operate and maintain; and
- noted that the Borough has met with the cities to discuss the proposed legislation.

Mayor Anderson opened the public hearing.

The following person spoke in support of Ordinance Serial Nos. 04-122 and 04-132: Ms. Kim Floyd, School District Public Information Specialist.

The following persons spoke in opposition to Ordinance Serial Nos. 04-122 and 04-132: Ms. Chris Tyree, Mr. Ralph Kermit Winterrond, Mr. Joseph Hawkins, Mr. Link Fannon, and Ms. Annette Harpster.

The following persons spoke in support of a sales tax in order to reduce the property taxes: Ms. Mary Vincent, Mr. Don Zimmerman, and Mr. Verdie Bowen.

The following person addressed concerns regarding the exemptions for the sales tax and the time frame to put the tax in place: Mr. Noel Lowe.

The following person spoke regarding the difficulty of implementing a sales tax for small businesses: Mr. Tony Gumley.

The following person spoke to the burden implementing a new sales tax can have on local businesses and discussed potential monies from the Permanent Fund Dividend to local communities: Mr. Jason Hamlin.

The following person spoke in support of Ordinance Serial Nos. 04-122 and 04-132: Ms. Anne Kilkenny.

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

MOTION: Assemblymember Colver moved to adopt Ordinance Serial Nos. 04-122 and 04-132.

MOTION: Assemblymember Colver moved to postpone Ordinance Serial Nos. 04-122 and 04-132 to July 27, 2004.

Assemblymember Colver spoke in support of postponing the legislation.

Assemblymember Bush requested another public hearing on Ordinance Serial Nos. 04-122 and 04-132.

Assemblymember Vehrs:

- thanked the members of the public for their participation; and
- spoke in favor of postponement.

Assemblymember Allen:

- spoke in support of postponement;
- discussed the importance of communicating with the cities regarding the proposed sales tax; and
- stated that he would like more input from the small business community.

Assemblymember Simpson voiced concern regarding postponing legislation on a regular basis.

VOTE: The motion to postpone Ordinance Serial Nos. 04-122 and 04-132 to July 27, 2004, passed without objection.

MOTION: Assemblymember Simpson moved to set a public hearing for Ordinance Serial Nos. 04-122 and 04-132 on July 27, 2004.

VOTE: The main motion passed without objection.

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

2. Ordinance Serial No. 04-123: AN ORDINANCE ESTABLISHING A TAX ON A NATURAL RESOURCE WHENEVER THE NATURAL RESOURCE IS SEVERED FROM PROPERTY WITHIN THE MATANUSKA-SUSITNA BOROUGH AND PROVIDING FOR PENALTIES FOR FAILURE TO PAY TAXES DUE BY ADOPTING MSB 3.55, NATURAL RESOURCE DEPLETION TAX.

a. Ordinance Serial No. 04-124: AN ORDINANCE AUTHORIZING THE MATANUSKA-SUSITNA BOROUGH TO LEVY A SEVERANCE TAX NOT EXCEEDING THE LESSER OF \$0.25 PER TON OR \$0.375 PER YARD OF SAND, GRAVEL, PEAT, GRAIN OR ROCK, \$0.25 PER TON OF COAL AND \$2.50 PER ACRE OF TIMBER, AND TO SUBMIT THE QUESTION OF LEVYING OF THE SEVERANCE TAX TO THE QUALIFIED VOTERS OF THE BOROUGH AT OCTOBER 5, 2004, BOROUGH ELECTION. *(Sponsor: Mayor Anderson)*

(1) IM No. 04-187

Mr. Duffy provided a staff report.

Assemblymember Colberg inquired regarding the reference to grain in the legislation.

Mr. Duffy replied that the reference to grain would be removed from the legislation.

Assemblymember Allen inquired regarding the status of the reclamation ordinance.

Mr. Duffy replied that the reclamation ordinance is at the Planning Commission level.

Mayor Anderson opened the public hearing.

The following person spoke regarding a possible exemption from the severance tax: Mr. Terry Nininger, NPI, LLC.

The following person addressed concerns regarding the uncertainty of the language of the legislation: Mr. Jim Rogers.

The following persons spoke in opposition to Ordinance Serial Nos. 04-123 and 04-124: Mr. Joseph Hawkins, Ms. Terry Lane (on behalf of Mr. Bill Fuger with AAA Valley Gravel), Mr. Tony Gumley, Mr. Daniel Grey, Mr. Dale Morman, Mr. Jeremy Drahosh, Mr. Steve Lovs, Mr. Jake Marques, Ms. Lucille Frey, Mr. Trevor Edmondson, and Ms. Mary Vincent.

The following person spoke to only taxing resources that are removed from the Borough: Mr. Sig Restad.

The following person spoke in support of the legislation: Ms. Anne Kilkenny and Mr. Don Zimmerman.

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

MOTION: Assemblymember Colver moved to adopt Ordinance Serial Nos. 04-123 and 04-124.

Assemblymember Colver:

- inquired if waste rock would be taxed; and
- referred to the June 28, 2004, letter from the Alaska Miners Association.

Ms. Williams replied that only the resources sold would be taxed.

Assemblymember Simpson:

- opined that the legislation is poorly written; and
- stated that she would like to see substantial changes made to the legislation.

MOTION: Assemblymember Simpson moved to postpone Ordinance Serial Nos. 04-123 and 04-124 to August 3, 2004.

VOTE: The motion to postpone passed without objection.

VI. AUDIENCE PARTICIPATION (Three minutes per person.)

The following person spoke regarding the Open Meetings Act and the real estate transfer fee: Ms. Mary Psenak.

The following person spoke regarding the real estate transfer fee legislation: Mr. Don Zimmerman.

The following person spoke to conducting more research on ordinances before introducing them and asking the parties affected by a piece of legislation for their input: Ms. Annette Harpster.

There being no others who wished to speak, Mayor Anderson closed audience participation.

IX. MAYOR, ASSEMBLY, AND STAFF COMMENTS

Ms. McGehee noted that she would schedule a special meeting on July 27, 2004, at 6 p.m.

Mr. Duffy:

- stated that July 19, 2004, is the kick-off for the construction of deep water dock at Port MacKenzie; and
- noted that the Mike Anderson, chief of staff from Congressman Young's office, was at the Borough today.

Assemblymember Bush spoke regarding rushing legislation.

Assemblymember Simpson asked the Attorney to research how the city of Wasilla was able to institute a tax cap.

Assemblymember Allen:

- noted that he would be unable to attend the July 20, 2004, regular meeting; and
- announced that the Rasmussen Foundation matched the Borough's investment on the Palmer Ice Arena.

Assemblymember Vehrs:

- commented that she went to Port MacKenzie today with Mr. Anderson, the Mayor, the Manager, and Assemblymember Colver; and
- noted that she is looking forward to the next step of development at Port MacKenzie.

Mayor Anderson:

- discussed the time frame for the sales tax and severance tax legislation;
- reported on the trip to Port MacKenzie;
- stated that Mr. Anderson was impressed with the Borough's concept and ideas for the port; and
- noted that Mr. Anderson had expressed an interest in coming back to the Borough as progress is made at the port.

X. ADJOURNMENT

The special meeting adjourned at 9:45 p.m.

/s/

TIMOTHY L. ANDERSON, Borough Mayor

ATTEST:

/s/

MICHELLE M. MCGEHEE, CMC, Borough Clerk

Minutes approved: July 20, 2004