

KENAI PENINSULA BOROUGH

AN INITIATIVE ORDINANCE ADOPTING A NEW SECTION: “TAX INCREASE LIMITATION”, TO THE KENAI PENINSULA BOROUGH CODE TITLE 5; REVENUE AND FINANCE.

WHEREAS, The Constitution of the State of Alaska; Article 1 – Section 2; Source of Government; reads: “All political power is inherent in the people. All government originates with the people, is founded upon their will only, and is instituted solely for the good of the people as a whole”, and;

WHEREAS, Residents of the Kenai Peninsula Borough are citizens of the State of Alaska and therefore their will shall be heard about public financing of the borough government, and;

WHEREAS, This tax increase limitation initiative ordinance gives voters of the Kenai Peninsula Borough an opportunity to direct future financing of their borough government, and;

WHEREAS, this initiative ordinance, if approved by voters, requires a new section be added to Kenai Peninsula Borough Code; Title 5; Revenue and Finance, and;

WHEREAS, this initiative ordinance places an upper limit on total revenues that can be collected by the Kenai Peninsula Borough beginning with fiscal year 2008, and;

WHEREAS, the “baseline” revenue limit shall be established using revenue statistics in the FY 2006 audited Comprehensive Annual Financial Report (CAFR), and;

WHEREAS, this initiative ordinance provides a formula for increases in the revenue limit by allowing for an annual cost of living increase and/or population increase, if applicable, and;

WHEREAS, this initiative ordinance allows for temporary increases in the revenue limit to pay for bonds approved by voters; for unavoidable emergencies; or for legal judgments entered against the borough, and;

WHEREAS, upon retirement of any bonds approved by voters, settlement of any legal judgments or costs associated with an unavoidable emergency, the tax revenue limit will automatically be lowered to the pre-condition level, and;

WHEREAS, this initiative ordinance does not prohibit the Kenai Peninsula Borough from increasing tax revenue at any time, it only requires a public vote to approve that increase,

NOW, THEREFORE, BE IT ORDAINED BY THE VOTERS OF THE KENAI PENINSULA BOROUGH:

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

Section 2. Adoption of section. The Kenai Peninsula Borough Code Title 5; REVENUE AND FINANCE, is amended to add a new section: "Tax Increase Limitation", to be effective with the Fiscal Year 2008 Borough budget and using the audited FY 2006 KPB Comprehensive Annual Financial Report (CAFR) as the baseline for tax revenue, to read as follows:

(A) Except as provided in this section, the total amount of borough tax levied during a fiscal year shall not exceed the total amount approved by the assembly for the preceding year by more than a percentage defined by adding the percentage increase in the Federal Urban Consumer Price Index for Anchorage from the preceding fiscal year adjusted for the average percentage growth or loss of Kenai Peninsula Borough population over the preceding five (5) fiscal years as determined by the Alaska State Department of Community and Economic Development.

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

- 1) Tax increases required to fund additional services requested by the Borough Assembly and approved by the voters through a ballot issue; and
- 2) Special taxes or other increases above the authorized tax revenue baseline approved by voters through a ballot issue; and

- 3) Taxes required specifically to pay costs of judgments entered against the borough or principal and/or interest on new bonds, including revenue bonds; and
 - 4) Special appropriations necessary on an emergency basis to fund unavoidable expenses to insure the public peace, health or safety.
- (C) Any tax revenue increases resulting from the exceptions set forth in subsection (B) shall be added to the base amount used in subsection (A) for calculation of the subsequent year tax increases. Upon retirement of any bonds approved by voters, settlement of any legal judgments or payment of costs associated with an unavoidable emergency defined in Section 2 (B), the tax revenue baseline will automatically be lowered to the pre-condition level.

Section 3. Effective date. This ordinance shall become effective the date of Assembly certification of an affirmative majority vote of the voters at the October 3, 2006, election and shall go into effect with the Fiscal Year 2008 KPB Borough budget.

ENACTED BY THE KENAI PENINSULA BOROUGH THIS __ DAY OF _____, 2006.