

SUBJECT: AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY ENACTING A TAX CAP UNDER MSB 3.04.077 AND ESTABLISHING AN AREAWIDE REAL PROPERTY TAX CAP OF 10 MILLS AND A NON-AREAWIDE TAX CAP OF 0.55 MILLS.

AGENDA OF: July 15, 2025

ASSEMBLY ACTION:

AGENDA ACTION REQUESTED: Introduce and set for public hearing.

Route To	Signatures
Originator	<div style="text-align: right; font-size: small;">6 / 23 / 2025</div> <p><input checked="" type="checkbox"/> N S for Assy Sponsors</p> <p><small>Signed by: Nicholas Spiropoulos</small></p>
Finance Director	<p><input checked="" type="checkbox"/> Cheyenne Heindel</p> <p><small>Signed by: Cheyenne Heindel</small></p>
Borough Attorney	<div style="text-align: right; font-size: small;">6 / 24 / 2025</div> <p><input checked="" type="checkbox"/> Nicholas Spiropoulos</p> <p><small>Signed by: Nicholas Spiropoulos</small></p>
Borough Manager	<div style="text-align: right; font-size: small;">6 / 24 / 2025</div> <p><input checked="" type="checkbox"/> Michael Brown</p> <p><small>Signed by: Mike Brown</small></p>
Borough Clerk	<p><input checked="" type="checkbox"/> Lonnie McKechnie</p> <p><small>Signed by: Lonnie McKechnie</small></p>

ATTACHMENT (S): Ordinance Serial No. 25-081 (2 pp)
 Previous version of MSB 3.04.076 (1 pp)

SUMMARY STATEMENT: This ordinance is sponsored by Assemblymembers Sumner, Fonov, and Bernier to enact a tax cap under MSB 3.04.077. The previous tax cap under MSB 3.04.076 expired on July 1, 2023 and there has been no tax cap since that date.

MSB 3.04.076 was enacted in 2018 and expired in 2023. The previous tax cap was 10.5 mills for areawide real property taxes and 0.6 mills for non-areawide property taxes. The previous tax cap also allowed for increase in taxes for voter approved bonds and in situations if the State of Alaska did not give bond reimbursement. Finally, the previous tax cap addressed service areas and also contained a provision that any new taxes would reduce the cap unless approved by voters.

The current proposal is to enact a tax cap with some changes. First, the areawide cap is lowered to 10 mills and the non-areawide cap is lowered to .55 mills. Second, service areas are not addressed because there is simply too much variation between all the various service areas and their funding components to effectively set a cap which addresses all the issues. Finally, there is no expiration to the proposed tax cap enacted here.

Finally, it is important to note that, just as with the prior tax cap, the Borough Assembly always has the right to adjust the mill rates, but the tax cap constrains the administration in the preparation of the budget.

RECOMMENDATION OF ADMINISTRATION: Introduce and set for public hearing.

3.04.076 TAX CAP.

- (A) The areawide real property mill rate may not exceed 10.50 mills.
- (B) The nonareawide real property mill rate may not exceed 0.6 mills.
- (C) Mill rate increases to pay the borough's portion of voter approved bonds issued on an areawide or nonareawide basis after July 1, 2018, may be added to the respective areawide or nonareawide mill rate at any time during which the bond issuance is being repaid.
- (D) If the state of Alaska fails to provide match funds for bonds, mill rate increases to pay the borough's portion of voter approved bonds may be added to the respective areawide or nonareawide mill rate at any time during which the bond issuance is being repaid.
- (E) Unless approved by voters, any new areawide or nonareawide tax or increase in the rate of an existing tax not addressed in subsections (A) through (D) of this section shall result in a proportional reduction in the maximum mill rate based upon the then existing value of a mill.
- (F) Service area mill rates may not be increased by more than two percent over the prior year's rate. Exceptions may be made by the Assembly in cases of need or where a board of supervisors for the service area requests a higher rate.
- (G) Expiration. The ordinance codified in this section shall expire July 1, 2023.
- (Ord. 18-015, § 3, 2018)