

## **Possible Motion**

I MOVE TO approve Ordinance 2014-27A on second reading.

*Note: At least one additional reading will be required.*

# Memo

**To:** Mayor and Assembly Members  
**Via:** Mark Gorman, City Administrator  
**From:** Mike Middleton, Deputy Finance Director  
**CC:** Jay Sweeney  
**Date:** 9/9/14  
**Re:** Proposed Vehicle Registration Fee Projections - Amended

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The Assembly meeting on 8/26/14 amended the Proposed Vehicle Registration which causes a change in the projected revenue collected. This memo is to update the projections to the Assembly.

The proposed vehicle registration fee is projected to generate \$447,000 in 2016 for the purpose of roads. This amount was determined based on the current level of vehicles in Sitka.

The amount shown is net of the 8% state administrative fee. For the 2016 amount, this would be \$38,889. This cost is similar to paying a full time employee \$14/hr with full benefits. While the cost would be similar, the enforcement would be difficult and not at the same percentage. With the State taking the fee as a part of the registration, compliance is assured. Without this, a full time person would not be able to have the same level of compliance.

The fee is for a biennial registration, so the projections assume half of the registrations for each year. This would mean \$894,000 net to the City for the two year period of 2016-2017.

No amount is included for commercial trailers as these are registered only once and the registration doesn't expire until the ownership changes.

Prior to the amendment, the original projection for 2016 was \$676,000 or \$1,352,000 for the two year period of 2016-2017. This is an annual difference of about \$229,000 less for the amended rate proposal.

Proposed Vehicle Registration Fee Projection and Historical as if in place  
Biennial Fee shown on annual basis  
Less State Administrative

Year	Gross fee	Fee	Net to City
2016	486,116	(38,889)	447,227
2015	485,046	(38,804)	446,243
2014	483,988	(38,719)	445,269
2013	482,960	(38,637)	444,323
2012	482,270	(38,582)	443,688

**Colleen Ingman**

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**From:** ~~sharon@sitka.net~~  
**Sent:** Thursday, August 28, 2014 2:03 PM  
**To:** assembly  
**Subject:** Vehicle Registration Tax

Dear Assembly Members,

Since I'm not able to attend Assembly meetings due to schedule conflicts, I thought I would email and share my opinion on the proposed vehicle tax to support revenue for road repairs.

I feel a much better solution than the current proposal would be a per gallon gasoline tax. This would allow residents to feel they have some control over how much they pay for roads. The more you drive, the more you pay, simple.

The current flat registration fee discriminates against vehicle owners who ride bikes or walk to work for health reasons and to reduce their carbon footprint. The flat fee, in fact, could have a reverse health and environmental effect, because a person's mindset could become, "well, I've paid my annual fee, I might as well drive as much as I can to get my money's worth".... or something like that.

Also, a larger, heavier, vehicle that impacts roads more, will de facto use more fuel, and thus pay a higher share. People that own a huge truck just to pull their boat once in a while would only pay more if they choose to use that same truck as their daily use vehicle.

A fuel tax could encourage residents to buy smaller, more efficient cars and to ride bikes or walk MORE. This is a WIN-WIN for the environment and the health of Sitka's citizens.

Out of town companies could not evade paying by registering vehicles in out of town locations.

However, the most compelling argument is that residents would feel the tax is FAIR and that they still have some control over how much they pay by the choices they make. I'm sure you are aware of the independent, strong-willed nature of many Alaskans. The city would have greater support and buy-in from the community if individuals still maintain some control.

I strongly encourage the Assembly and City staff to continue to pursue the feasibility of a gas tax instead of a registration tax. With only 4 gas stations in town, it should not be too hard to implement. Surely if there are administrative obstacles, solutions can be found to make it possible.

Respectfully submitted,  
Sharon Sullivan

30 August 2014

**An Open Letter to the Mayor and City Assembly  
– Subj: Proposed Vehicle Tax-**

**Since 2012, I have repeatedly voiced my opposition to the method you are using to identify solutions to shortfalls in city roadway funding. Despite my attendance at six Assembly meetings to comment on this topic, five published Letters to the Sentinel Editor, one Raven Radio commentary spot, and over 65 hours of off-line research on my part, you have steadfastly failed to objectively listen to my plea for a cautious and well-researched plan to identify and field a resolution to this issue. Consequently, this letter is my final engagement on this topic before allowing you to declare victory by imposing your will over my pursuit of a more amicable solution.**

**Before proceeding further, I think it is important to know that I personally do not oppose an infusion of revenue to offset roadway maintenance and upgrade funds.**

**What I oppose is a “devil may care attitude” in rushing to a poorly researched and imprudently fielded tariff that no one unequivocally supports. I also oppose a solution that artificially or intentionally creates other than a level playing field for any person(s) ultimately forced to pay this new tax. Life is inherently unfair, however one can only hope that any decision – popular or reviled – at least contains an element of equality in the sharing of pain or joy. Turning a blind eye to the 36,000 annual visitors, seasonal hires, and governmental employees who use our roadway system, but pay no “user fee” because their vehicles aren’t registered in Sitka is hardly equitable. Punishing homeowners by laying the entire burden of roadway maintenance at their feet, via another property tax, while not also forcing property renters to pay, is hardly equitable. Equally so, artificially lowering the proportional rate for commercial operators or businesses – both of which simply pass their costs on to the consumer – is hardly equitable.**

**I understand the loneliness of being the person who has to make, and stand behind, a tough or unpopular decision. I did that as the Commanding Officer of USCG Air Station Sitka for two years. I also did that as the CGD7 Chief of Search and Rescue Operations in my last tour of duty before retiring back to Sitka. In that capacity, I was personally and directly responsible for all rescue operations within a 1.8**

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**million square mile region that included four Southeast U.S. states, the Caribbean Basin, and 34 foreign nations. While dispatching assets from four Coast Guard air stations and 21 boat stations, I made enough tough AND unpopular decisions to last a lifetime. I also had the distasteful task of calling spouses of coworkers, and total strangers, in the middle of the night to let them know their loved ones had perished in a maritime accident. Trust me, I do fully understand the sleepless nights associated with making tough, but legitimate, decisions.**

**It appears City leaders believe a hasty, poorly researched and sloppily fielded tax is needed to offset “20 years of funding shortfalls” for local roads. That approach is like keeping the locomotive going down the tracks at full speed no matter how many bodies are tied to the tracks. Somehow I have difficulty reconciling taking no action “in 20 years” with the chosen madcap process, without wondering who failed to exercise past due diligence in regard to stewardship of public trust and monies. To ignore the public outcry over this issue, while inflexibly rushing to an ill-advised quick fix only exonerates those City leaders and planners that fiddled while Rome burned.**

**I also seriously question the persistence the Assembly had demonstrated by placing the burden on the unqualified taxpayers fix this problem for the City. I’ll be the first to acknowledge Assembly members have neither the technical skills, nor perhaps the time, to resolve this longstanding problem on their own. That’s why you have a well-paid and fully qualified staff within your purview. Make them earn their pay by proving to you that a problem exists; by identifying partial solutions within their budgetary expenditures; and by compelling them to provide you – within a specified deadline - with a recommended solution and alternative course of actions. Then you educate the citizens of Sitka (i.e., your constituents) on the issue and partner with them to pursue a mutually agreeable solution at the 2015 municipal election.**

**I have always believed in the precept, “Never care more about a decision than the people who *own* the decision”. Therefore I wave the white flag on this topic and promise to stop chasing windmills in regard to this matter. Sadly, all I’ve learned from this interaction is that it is better to idly stand by and say nothing, versus trying to be a passionately engaged citizen.**

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**As I end this letter I would like to take the opportunity to share with you a leadership quote from the great leader and spokesman, John F. Kennedy. During my quarter century of leading Coast Guard air and boat crews into harm's way, it always provided inspiration when things were tough and I sensed the troops' resolve had begun to falter. This passage was delivered in September of 1962 when President Kennedy addressed the Nation to gain their support for sending a manned space flight to the moon.**

*"We choose to go to the moon. We choose to go to the moon in this decade and do the other things, not because they are easy, but because they are hard, because that goal will serve to organize and measure the best of our energies and skills, because that challenge is one that we are willing to accept, one we are unwilling to postpone, and one which we intend to win, and the others, too."*

**I would suggest this passage equally applies to your future efforts in resolving this roadway maintenance and upgrade dilemma.**

**Respectfully,**

**CAPT (ret) David Durham, USCG**

**~~11011 Georgeson Loop~~**

**Sitka, AK 99835**

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2014-27A

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING SITKA GENERAL CODE AT SECTION 4.12.020 ENTITLED "PROPERTY SUBJECT TO TAX" TO INCREASE THE BIENNIAL MOTOR VEHICLE REGISTRATION TAX TO BE USED FOR MUNICIPAL ROADS AND MUNICIPAL ROADS INFRASTRUCTURES SUCH AS SIDEWALKS, GUTTERS, BIKE LANES, SUB GRADE AND DRAINAGE SYSTEMS. ALTERNATIVELY, THE ASSEMBLY WILL PLACE ON THE OCTOBER 2015 MUNICIPAL ELECTION SOME FORM OF A TAX BALLOT MEASURE (E.G. SALES, FUEL, PROPERTY) THAT WILL PRODUCE REVENUES COMMENSURATE WITH THE FEES THAT WOULD BE GENERATED BY THIS PROPOSED VEHICLE TAX REGISTRATION FEE ORDINANCE. THE INCREASED TAX REVENUES WILL BE DEDICATED TO SUPPORTING THE MAINTENANCE OF THE CBS ROADS. IF THE BALLOT MEASURE IS PASSED THE VEHICLE REGISTRATION FEE OUTLINED WITHIN THIS ORDINANCE WILL NOT BE IMPLEMENTED.

1. **CLASSIFICATION.** This ordinance is of a permanent nature and is intended to become part of the Sitka General Code ("SGC").

2. **SEVERABILITY.** If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstance shall not be affected.

3. **PURPOSE.** The purpose of this ordinance is to amend SGC 4.12.020 entitled "Property subject to tax" to add an additional biennial motor vehicle registration tax assessment to the tax levied pursuant to AS 28.10.431, to be paid at the same time the current motor vehicle registration tax is due. The additional tax as well as the current tax assessed under AS 28.10.431 shall be used for municipal road maintenance, road replacement, new roads, road extensions, and road infrastructures (i.e., sidewalks, gutters, bike lanes, sub grade, drainage systems, etc.). CBS is opting out of AS 28.10.155 with regard to "permanent registration of vehicles 8 years and older. Alternatively, the Assembly will put a tax ballot measure forward to appear on the October 2015 Municipal Election for some form of tax e.g. (sales, fuel, property) that generates revenues commensurate with the fees that will be produced by this vehicle tax registration fee. The increased tax revenues will be dedicated to supporting the maintenance of the CBS roads. If that tax ballot measure is passed the vehicle registration fee outlined within this ordinance will not be implemented.

The revenues generated by this tax are intended to augment, not replace, other general fund, state and federal funds allocated to maintain and/or improve CBS municipal roads.

Based on applicable state law at AS 28.10.431(j), the tax increase will not take effect until January 1, 2016.

48 4. **NOW, THEREFORE, BE IT ENACTED** by the Assembly of the City and  
49 Borough of Sitka that SGC 4.12.020 entitled "Property subject to tax" is amended as follows  
50 (new language underlined; deleted language stricken):  
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52 **4.12.020 Property subject to tax.**  
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54 A. All property within the corporate limits of the city and borough, both real and  
55 personal, of every nature, not exempt under the laws of the United States or the state of  
56 Alaska is subject to taxation for school and municipal purposes, and taxes upon such  
57 property must be assessed, levied and collected as provided herein, except the following  
58 property shall not be subject to taxation:  
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- 60 1. Personal property consisting of household goods, jewelry, intangibles and  
61 personal effects, including motorcycles and snowmobiles not used in business and  
62 all motor vehicles subject to the motor vehicle registration tax.  
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64 B. Beginning January 1, 2016, any vehicle, including motor vehicles, electric vehicles  
65 and trailers, required to be registered with the Division of Motor Vehicles under  
66 AS 28.10.421, shall also be assessed an additional biennial motor vehicle registration tax to  
67 that assessed under AS 28.10.431.  
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- 69 1. The additional tax shall be paid at the same time that the motor vehicle  
70 registration tax is currently paid at the rate set out below:  
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- 72 a. \$ 50.00 – Motorcycles required to be registered under AS 28.10.421(b)(5);  
73 b. ~~\$100~~ \$45.00 – Non-commercial trailers required to be registered under  
74 AS 28.10.421(b)(6);  
75 c. ~~\$200~~ \$125.00 – Non-commercial vehicles required to be registered under  
76 AS 28.10.421(b)(1) and (b)(2); and  
77 d. ~~\$400~~ \$450.00 – Commercial vehicles required to be registered under  
78 AS 28.10.421(b)(3), (b)(4), and (c)(1)-(4).  
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- 80 2. If the motor vehicle registration tax is paid annually, the amount assessed under  
81 this subsection shall be half of the assessment set out above.  
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- 83 3. All biennial motor vehicle registration taxes collected under this subsection as  
84 well as the current tax collected under AS 28.10.431 shall be used for municipal  
85 road maintenance, road replacement, new roads, road extensions, and road  
86 infrastructures (i.e., sidewalks, gutters, bike lanes, etc.).  
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88 CB. All boats and vessels located within the boundaries of the city and borough on  
89 January 1st of any given year shall be subject to taxation under the same procedures and  
90 with the same assessment dates and due dates as personal property, except that valuation  
91 and taxation shall be on the basis of registered and certified length according to the  
92 schedule set forth below:  
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5. **EFFECTIVE DATE.** The Assembly will place on the October 2015 Municipal Election some form of a tax ballot measure that generates revenues commensurate with the fees that will be produced by the vehicle tax registration fee. The increased tax revenues will be dedicated to supporting the maintenance of the CBS roads. If that tax ballot measure is passed the vehicle registration fee outlined within this ordinance will not be implemented. If the tax ballot measure fails then this ordinance shall become effective as of January 1, 2016.

**PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska this 23<sup>rd</sup> day of September, 2014.

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Mim McConnell, Mayor

**ATTEST:**

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Colleen Ingman, MMC  
Municipal Clerk

**Amended 8-26-14 on first reading**