

Kenai Peninsula Borough
Finance Department

MEMORANDUM

TO: Wayne Ogle, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Charlie Pierce, Mayor *BA for CP*

FROM: Brandi Harbaugh, Finance Director *BA*

DATE: May 23, 2019

RE: Resolution 2019-037, Setting the Rate of Levy for Real and Personal Property Taxes for the Kenai Peninsula Borough and for Service Areas within the Borough for Fiscal Year 2020, Tax Year 2019 (Mayor)

The attached resolution establishes the property tax rates for Fiscal Year 2020 (FY2020), Tax Year 2019. The tax revenue generated from these rates will provide the largest single source of funding for the borough's FY2020 budget. The mill rate for FY2020 must be set prior to June 15, 2019. Action on this resolution is being requested for the meeting of June 4, 2019.

The Administration is proposing that all tax rates remain the same as the FY2019 rates.

This resolution also recognizes the change in the South Kenai Peninsula Hospital Service Area ("SKPHSA") boundaries approved by the voters in the October 2018 election. Alaska Statute 29.47.450 provides that "[t]he indebtedness of a service area acquired under AS 29.47.440 remains the indebtedness of the area that incurred the debt..." This means the obligation to repay the outstanding bonds remains with the area previously included in the service area.

Section 14 sets the levy at 1.18 mills for all property in the new service area boundaries for SKPHSA taxes. This tax will not be used to repay bonded indebtedness. Section 15 sets the levy at 1.12 mills for all property in the former boundaries which will be used towards repaying the currently outstanding bonded indebtedness. Properties in both the new and former SKPHSA boundaries will be subject to a total of 2.3 mills. Property removed from the former service area will be subject to 1.12 mills, and new property added to the service area will be subject to 1.18 mills.