

Assembly Statement, January 6, 2020

Good afternoon, Assembly Members and Mayor,

My name is Kandi Woodworth and I reside at 848 S. Mitkof Hwy. I represent myself. I would like to speak about the Enterprise Fund and its corresponding activities compared to Property Taxes and its corresponding services.

There has been a lot of confusion when discussing these topics, even among the members. Just one recent example of this would be at the November 18 Assembly Meeting, Member Meucci spoke regarding his discussion item on FPE. He stated, "I don't feel that people who live outside the main service area, (Service Area 1) where sewer and water are provided, should be paying the same property taxes as the people inside where those services (of sewer and water) are provided." It would seem by this statement that the sewer and water systems are somehow linked to the levy of property taxes. Now, Member Meucci might have just misspoke or is there something else that is making this confusing?

As you know, the Enterprise Fund Activities include electric, water, sewer, and trash collection. The Borough sends out monthly bills to customers corresponding to their amount of use. The funds collected pay for the operation, maintenance and repairs. These activities generally are not funded by property taxes, except by the voter approved bond indebtedness - which is a different issue. In a report entitled Services Provided October 2019, the City Manager stated it quite eloquently, "The Enterprise funds function outside of the Service Area distinction." He's right. That is why we find the Enterprise Fund Activities listed separately in the Charter under Article 10 called Utilities. It states, "the water, wastewater, electric and refuse services...are Borough services. The Borough shall have the power to acquire, own, operate, promote and regulate public utilities..." So the funds collected for the water, sewer, trash and electric called Enterprise Funds are separate from the taxes levied in the form of property taxes.

What services then are provided by the Borough that have to do with yearly levy of property taxes? Property taxes collected in what has been called "Service Area 1" pay for the library, general government operations, police, fire, emergency medical services, street construction and maintenance, snow plowing, building code enforcement, parks and rec, and animal control. Providing education is an areawide property tax for every one.

We find the Borough's Property Tax Code in the Charter under Article 14 called Service Areas, Areawide and Non-Areawide Powers. These same three designations are found and defined in the Alaska State Statutes under Section 29.45.010 called Property tax.

Looking at the Borough Charter under Section 14.02 called Services to be Provided Only by Service Area - here is where the confusion begins. Listed among the services provided by the Borough and paid for by property taxes is also the list of Enterprise Fund Activities of sewer, water, electric and trash collection.

It goes on under Section 14.02 B and states "Until otherwise changed, those areas which were...a part of the former City of Petersburg's public water system or sanitary sewage system...shall be included within a service area for each and all of the above powers and for the power to build, operate, maintain and replace the public water system, sanitary sewage services, ..."

Using the word “powers” does not negate the fact that we are talking about property taxes and the services funded by property taxes. For if we examine Section 14.05, the Financing part of Article 14, specifically 14.05A Service Area TAXES. It states, “The assembly may levy TAXES, assessments or other charges within a service area to pay for the cost of that service area. Funds raised by THESE TAXES...shall not be used for any purpose other than to pay for the costs of the service area.”

Therefore, the Borough ordinance on property taxes seems to be in contradiction to the statement made by the City Manager and also seems to be non-conforming to Alaska State Statutes. It may behoove the Assembly to re-evaluate the aspects of the ordinances dealing with the Enterprise Fund Activities under Article 10 and the Property Tax Code under Article 14 to keep “the enterprise fund function outside of the Service Area distinction.”

Thank you for your attention and consideration.

Kandi Woodworth