ASSEMBLY FINANCE COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
Wednesday, November 6, 2019, 5:30 PM.
Assembly Chambers

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES

a. **Saturday, November 2, 2019**

IV. ITEMS FOR DISCUSSION

a. **RecycleWorks**

b. **Motor Vehicle Registration Tax (MVRT) Update**

V. INFORMATION ITEMS

a. **Staff Update - Airport Bond Sale**

b. **Staff Update - Negotiation with Airbnb**

c. **Staff Update - Single-Item Sales Tax Cap - CPI Adjustment**

VI. NEXT MEETING DATE

a. **Wednesday, December 4, 2019**

VII. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 72 hours prior to any meeting so arrangements can be made to have a sign language interpreter present or an audiotape containing the Assembly's agenda made available. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org

DRAFT

City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Saturday, November 2, 2019, 9:00 AM

I. Call to Order

The meeting was called to order at 9:04 AM by Loren Jones, Chair.

II. Roll Call

Committee Members Present: Alicia Hughes-Skandijs, Carole Triem, Maria Gladziszewski, Wade Bryson, Rob Edwardson, Chair Loren Jones, and Mayor Beth Weldon.
Committee Members Participating Telephonically**:** Michelle Bonnet Hale.
Committee Members Absent: Greg Smith.

Staff Present: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Jeff Rogers, Finance Director; Ed Mercer, Police Chief; David Campbell, Deputy Chief of Police; Rich Etheridge, Fire Chief; Robert Palmer, City Attorney; Deb Senn, Law Office Manager; George Schaaf, Director, Parks & Recreation; Lindsey Foster, Admin Officer, Parks & Recreation; Myiia Wahto, Admin Officer, Parks & Recreation; Carl Uchytil, Port Director, Docks & Harbors; Jill MacLean, Director, Community Development Department; Brenwynne Grigg, Admin Officer, Community Development Department; Robert Barr, Director, Library; Ed Foster, Operations Superintendent; Public Works; Tom Mattice, Emergency Programs Manager; Mike Vigue, Director, Engineering & Public Works; Dallas Hargrave, Director, Human Resources; Matt Scranton, Director, MIS; Beth McEwen, City Clerk; Dave Scanlan, General Manager, Eaglecrest; Sonia DelGado, Accountant; Sam Muse, Controller; and Elisabeth Jensen, Budget Analyst.

III. Approval of Minutes

The October 9, 2019, minutes were approved as presented.

IV. Other Business

The AFC meeting previously scheduled for Wednesday, November 13, 2019, has been cancelled.

V. Fiscal Sustainability Process

Clerk's Note:
An in-meeting supplemental 9-page packet, "Fiscal Sustainability Program Review" was distributed at the beginning of the meeting – and reviewed in full during the course of the meeting.

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Through the course of the meeting, the following 1-page each in-meeting handouts were distributed: “Seasonal Sales Tax in Alaska” provided by Jeff Rogers, and “Capital Transit Revenue Option” provided by Assembly member Michelle Hale.

Chair Loren Jones, thanked the Assembly members for completing the Fiscal Sustainability Ranking Exercise, and thanked staff for their continued work on the Fiscal Sustainability Process.

Mr. Bryson asked how the ranking was compiled
Jeff Rogers, Finance Director stated that the assembly members’ scores were averaged and then re-ranked them based on the averages. The level-of-agreement reflects the standard deviation of the collective scoring.

VI. Fiscal Sustainability Process – Prioritization Rankings – Aggregate Results Discussion

Mila Cosgrove, Deputy City Manager, introduced the “CBJ Assembly Fiscal Sustainability Program Priority Ranking Results”, found on pages 2 – 5, of the In-Meeting Handout packet, providing a general overview of the document’s layout. She explained that the Assembly members all submitted their individual rankings of the program cards provided, and staff aggregated the prioritization scores (averaging all scores and re-ranking based on the averages). The level-of-agreement reflects the standard deviation of the collective scoring. Where the column says high, more assembly members looked at the prioritization in the same way, while a “low” agreement signals more disparity in agreement. The column, titled “Assembly Review Notes”, lists any comments that were received from any of the individual members, and is not reflective of the collective view.

Ms. Cosgrove guided the discussion through the quartiles (1 per page), asking the group to let staff know if there are questions, or requests for more information on specific items the Assembly may require as it pertains to program expenditures.

Rorie Watt, City Manager, noted that the Assembly did weigh the bulk of expenses as the highest of their priorities.
Costs of Quartile 1 (Page 1) is $40M. Highest Prioritized Items.
Costs of Quartile 2 (Page 2) is $24M.
Costs of Quartile 3 (Page 3) is $17M.
Costs of Quartile 4 (Page 4) is $ 6.6M. Lowest Prioritized Items.

Specific Assembly member questions / requests for staff follow-up:

- Mayor Weldon asked if the CBJ would save money by contracting out services to a private business for those services currently performed by Landscape Maintenance.

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- Maria Gladziszewski asked for further clarification on items on the program list like Eagle Valley Center that included full cost recovery.
  The Finance Department will follow-up with information.

- Carole Triem requested to see an estimate of the tear down costs vs. the CIP costs for Mt. Jumbo Gym.
  Ms. Cosgrove offered to have staff provide the Mt. Jumbo facility report.

- Maria Gladziszewski asked for further clarification on the change in ZGYC budget from $75k to $200k in FY19. Where did the money come from?
  Ms. Cosgrove offered to have staff research the answer.

- Loren Jones would like to look at broadening the scope of the groups receiving funding from the Assembly's Economic / Tourism Grants – potentially through a competitive process, RFP process, etc.
  The Finance Department will follow-up with information.

- Maria Gladziszewski asked for further breakout of the Assembly's Economic / Tourism Grants (Card D-13).
  Ms. Cosgrove offered to have staff research the answer.

The meeting recessed at 10:08 AM.
The meeting reconvened at 10:22 AM.

- Alicia Hughes-Skandijs requested for information on the last time Capital Transit fares were increased.
  Mr. Watt offered to have staff provide an update.

- Mayor Weldon asked for an accounting of expenditures for CIP Support to Schools, along with a follow-up on the $5M in Sales Tax already provided.
  The Finance Department will follow-up with information.

The meeting recessed at 10:53 AM.
The meeting reconvened at 10:07 AM.

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VII. Fiscal Sustainability Process – Revenue / Expense Balancing Options Discussion

Chair Jones, introduced "Revenue Concepts", found on page 9, of the In-Meeting Handout packet, providing a list of specific revenue ideas submitted by Assembly members.
He asked for the committee to sort through the list, and come to an agreement on a shortened list of items that could provide a direct and immediate revenue impact, and are within the control of the Assembly itself.

The Assembly discussed the information and where at least five members were in favor of continuing discussion on an item, added said items to the following Revenue List for further discussion and information:

Revenue List for follow-up

1. A 6% sales tax from April – October. (Alternatively, April – June; or July – Sept)
2. Taxing sales by/to nonprofit organizations
3. Taxing On Board Cruise Ship Sales
4. Raising property tax by .1 mil
5. Sales tax holiday – last Sunday in February
6. Removing the sales tax from food & filling this gap with a seasonal (April – October) 1% additional sales tax.
7. Single purchase cap / Single service cap (Parking lot items)
8. Online sales tax (Parking lot item)

The Assembly discussed the items on their new revenue list, and requested further information on a number of specific items.

A 6% sales tax from April – October. (Alternatively, April – June; or July – Sept)
Mr. Watt reminded the body and the audience that this change to sales tax would require citizen approval.

- Chair Jones, suggested analysis on a revenue increase on a seasonal 6% sales tax.

- Chair Jones, suggested analysis on a revenue neutral option on removing sales tax from food.

- Rob Edwardson requested information on the potential impact an increased sales tax would have on people and the living wage.

- Carole Triem, suggested a seasonal increase in summer and a decrease on sales tax in the winter.

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- Ms. Gladziszewski, requested a sales tax forecast tool offering finer degree of analysis from the current quarterly forecast tool, instead providing a monthly sales tax forecast generating tool.

- Ms. Hughes-Skandijs, asked if there is precedent for sales tax that increases by cruise ships September instead of October. Can sales tax revenue analysis provide groupings of tourist / locals, or Downtown sales / Valley sales?

Mr. Rogers handed out a one-page briefing on Seasonal Sales Tax in Alaska. He stated that any seasonal rate can be set in code. However, CBJ sales tax information is available by quarter because the majority of vendors collect, remit and report quarterly. Only the largest of vendors collecting sales tax report on a monthly basis. Though it is possible to set a sales tax rate that is unrelated to quarters, staff is not able to predict the outcome with any certainty, and the impact of the rate could be difficult to administer for CBJ and for vendors.

Single purchase cap / Single service cap (Parking lot items)

- Mayor Weldon asked for an analysis showing the impact of adjustment to the cap limits.

- Ms. Triem asked for staff to provide information on the sales tax exemption relating to lobbyists.

- Ms. Gladziszewski, requested a copy of the report that had been issued during the TERC meetings in 2014/15.

- Chair Jones, asked staff to simply provide direction to access the report online or in City Hall.

Taxing sales by/to nonprofit organizations

- Mr. Edwardson, requested a list of the nonprofit organizations that aren't required to be in Juneau (based on their charters, etc.), and the impact that would occur if they left. How much tax revenue are we expecting to generate? How much revenue will be lost? If the nonprofit must collect sales tax, would it be harder for them to generate sales?

- Ms. Gladziszewski, requested information on thresholds / tiers. Would Girl Scouts have to collect sales tax on the sale of Girl Scout cookies?

The meeting recessed at 12:12 PM.
The meeting reconvened at 12:17 PM.

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- Ms. Gladziszewski, requested general information about Sales to Nonprofit organizations ($24M reference).

Taxing On Board Cruise Ship Sales

- Mr. Edwardson, requested existing information found in a report from the State of Alaska Department of Environmental Conservation Commissioner to the Legislature, from the Science Advisory Panel – containing economic information outlining the levels of cost increases and their impact on cruise passenger rates.

- Chair Jones, requested an update on how much revenue we are currently foregoing by not taxing on board cruise ship sales. He asked if there anything in the CLIA Lawsuit Settlement that limits or prohibits taxing on board cruise ship sales?

- Ms. Triem asked if other communities are taxing on board cruise ship sales, and would this tax change behavior. She asked for an explanation of on board sales, and examples of what things are being sold/purchased.

Raising property tax by .1 mil

- Mr. Bryson asked what impact this will have on the cost of living.

Removing the sales tax from food & filling this gap with a seasonal (April – October) 1% additional sales tax.

- Mayor Weldon, asked if this were to be implemented, would we continue to follow SNAP guidelines to define food?

- Ms. Gladziszewski, asked how difficult this change would be for vendors, and requested any new information that had changed in the 2-3 years since the last deep discussion on the topic.

- Ms. Gladziszewski, asked if we were trying to be revenue neutral, and removing sales tax from food would result in a $500K loss to revenue; then could we alternatively reduce sales tax to 1% and be revenue neutral? Please analyze.

VIII. Next Meeting Date

Wednesday, November 6, 2019

IX. Adjournment

Meeting was adjourned at 12:53 PM.

Presented by:
Introduced:
Drafted by:

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2019-_____

An Ordinance Repealing the Waste Management Utility Code

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the City and Borough of Juneau Municipal Code.

Section 2. Repeal of Chapter. CBJ 36.12 is repealed and reserved:

~~**Chapter 36.12 - WASTE MANAGEMENT UTILITY**~~

~~**36.12.010 - Waste management utility; policy.**~~

~~(a) The City and Borough shall provide a household hazardous waste intermediate transfer site and other municipal solid waste management services as funds are made available. The household hazardous waste intermediate transfer site will be a location where household hazardous wastes are collected, identified, sorted, packaged, and stored in preparation for shipment. The program will include transporting and disposing of the hazardous wastes at appropriate disposal facilities.~~

~~(b) The City and Borough will not provide a curbside collection service for household hazardous waste.~~

~~(c) For the period September 1, 2003, to August 31, 2004, the City and Borough shall provide a junked vehicle disposal program.~~

~~**36.12.015 - Commercial business recycling.**~~

~~Commercial businesses may participate in the City and Borough recycling program upon payment of an annual fee of $100.00.~~

~~**36.12.020 - Definitions.**~~

~~The following words, terms and phrases when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning: Curbside collection means the collection of waste materials at curbside at the source of the waste, such as residences, commercial businesses and offices.~~

~~*Dwelling* means a building or portion of a building used exclusively for human habitation.~~

~~*Household* means the occupant of any dwelling within the City and Borough.~~

~~*Household hazardous waste* means any household-generated waste which is not regulated by the Resource Conservation and Recovery Act (RCRA), 42 USC 6901 et seq., but exhibits hazardous qualities as defined by RCRA such that it is ignitable, flammable, corrosive or toxic; for example, pesticides, herbicides, paints, antifreeze, wood preservatives, poisons and cleaners. The term "household hazardous waste" also includes used oil.~~

~~*Municipal solid waste* means garbage, refuse, wastes and other discarded materials resulting from residential and nonhazardous industrial operations and activities, such as household activities, office functions, and retail and commercial business wastes.~~

~~*Single family unit* means a dwelling designed, improved, or used as a residence for one family only. For purposes of this chapter, each unit in a multiple-family dwelling or each trailer or mobile home is a dwelling unit; provided, a combination of units in a multiple-family dwelling unit actually used by a single-family and for which the owner has provided a signed statement verifying that the units are and will be used solely for a single-family will be considered a single family unit.~~

~~36.12.030 - Payment of waste management utility fee required.~~

~~The owner or occupant of any house, apartment building, duplex, triplex, condominium, townhouse, mobile home park or mobile home located outside a mobile home park, trailer, or other dwelling within Service Area No. 9 of the City and Borough shall pay a waste management utility fee at the rate and according to the schedule set forth in section 36.12.040.~~

~~36.12.040 - Rates and payment schedule delinquencies.~~

~~(a) The waste management utility fee shall be billed at the following rates:~~

~~(1) Five dollars and forty cents ($5.40) per month for each single-family unit, for those dwellings served by the City and Borough water utility, sewer utility, or both. This amount shall revert to four dollars and zero cents ($4.00) per month on August 31, 2004.~~

~~(2) An amount equal to 12 times that established pursuant to subsection (a)(1) of this section per year billed in advance for each single-family unit, for those dwellings not served by City and Borough water or sewer utilities.~~

~~(b) In the event the fee for the waste management utility is not paid within 25 days after billing, such charges shall be deemed and are declared to be delinquent and if a lien has been~~

~~recorded, such delinquency shall constitute a lien upon the real property upon which the dwelling is located.~~

~~(c) The waste management utility fee shall be collected from the owners or occupants of all dwellings within Service Area No. 9 of the City and Borough from and after the effective date of this chapter. Adoption and publication of this chapter shall constitute notice to all owners of real property of their liability for payment of the waste management utility fee which will be charged to any household residing in a dwelling located on the owners' property.~~

~~36.12.050 - Interest on delinquent accounts.~~

~~Except when otherwise provided by law or specifically provided by ordinance, resolution or a written agreement, interest at the rate of 12 percent per year shall accrue on all unpaid fees, charges and assessments not paid when due.~~

Section 3. Effective Date. This ordinance shall be effective 30 days after its adoption.

Adopted this ________ day of ________________________, 2019.

____
Beth A. Weldon, Mayor

Attest:

____
Elizabeth J. McEwen, Municipal Clerk

MEMORANDUM

DATE: November 4, 2019

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

SUBJECT: Consideration of Increase to Motor Vehicle Registration Tax

155 Municipal Way
Juneau, AK 99801
Phone: (907) 586-5215
Fax: (907) 586-0358

Background

On September 25, 2019, the Assembly Finance Committee considered an increase to Motor Vehicle Registration Tax (MVRT) and directed staff to provide several MVRT rate / revenue scenarios for consideration.

Current Motor Vehicle Registration Tax (MVRT)

The City and Borough of Juneau (CBJ) currently assesses $44 biennially for each registered Non Commercial Passenger vehicles, Pickups, Motorhomes & Cargo Vans; while assessing $4 biennially for each registered Non Commercial Motorcycles, and Trailers. CBJ does not assess an MVRT for commercial vehicles. MVRT initially became effective on January 1, 2005. By late 2006, a second ordinance was adopted doubling the MVRT for non-commercial cars and trucks from $22 to $44 biennially. The current rate structure has remained unchanged since December, 2006.

The 2003 ordinance that initiated the collection of MVRT was wholly focused on raising revenue to address the problem of abandoned and junked vehicles:

> *WHEREAS, abandoned and junked vehicles pose an environmental hazard, and comprise a blight on the landscape; and*
>
> *WHEREAS, the costs of disposing of abandoned and junked vehicles has increased dramatically in recent years; and […]*
>
> *WHEREAS it is reasonable to require vehicle owners to pay the costs of disposing of junked and abandoned motor vehicles, rather than using general tax revenues.*

CBJ assesses a “business personal property tax” on businesses operating in the borough. For all businesses, the first $100,000 of business personal property is exempt from the tax. Commercial vehicles are considered business personal property and they would be subject to the tax, if the business’s total business personal property exceeds $100,000. As an example, a commercial vehicle valued at $35,000 would result in $373/year in property tax, if not exempted under the $100,000 threshold. The 2019 roll for business personal property included $18.8 million in taxable commercial vehicles, which yields approximately $200,000 in property tax annually. All communities with commercial MVRT rates also assess a business personal property tax on those same vehicles, if not otherwise exempt.

Permanent Registration and Lost Revenue

Sixteen municipalities in Alaska assess a local MVRT, and Alaska law allows them to expend those tax receipts for any purpose. A number of municipalities have implemented a state program enacted in 2014 for “permanent vehicle registration,” but that change was accompanied by a reduction in local tax revenue. When the Kenai Penisula Borough enacted permanent registration, Mayor Mike Navarre said “when you reduce revenues in one area, you’ve got to shift it to somewhere else.” The Mat-Su Borough also enacted permanent registration, but in the wake of doing so, Assemblyman Jim Sykes said: “We are getting about 2.4 million dollars a year from the motor vehicle and trailer registration. And so, what’s happening under our current law that allows permanent registration, this is going to gradually decrease, through a number of machinations, it is going to decrease to next to nothing."

Projected Revenue

Obviously, doubling CBJ's current fee would roughly double revenue. However, it is challenging to precisely model future revenues with a new graduated structure of MVRT revenue due in-part to the following:

- The State of Alaska collects MVRT fees, retaining 8% of the fee as an administrative charge, and dispersing the remainder to the local municipality. Of the $44 CBJ 2-year MVRT, the SOA retains $3.52, and disperses $40.48 to CBJ. CBJ effectively receives $20.24 per eligible passenger vehicle per year, and $1.84 per eligible trailer / motorcycle each year.
- Vehicles are registered every other year, vehicles are bought and sold daily, and older model vehicles eventually stop registering.
- DMV reports 718 passenger vehicles in Juneau are currently Exempt from paying MVRT. Exemptions include:
  - Senior Citizen
  - Charitable, Tribal Village Council or Church
  - Disability
  - Permanent
  - Active Duty Military – Vehicle may remain titled in another state
- DMV reports 3,546 commercial vehicles in Juneau are currently Exempt from paying MVRT. All Commercial Vehicles are currently exempt from paying MVRT in Juneau.
  For comparison, of the communities participating in MVRT, CBJ is the only one not also including commercial vehicles in their local MVRT program model.
- Non-compliance - registration, renewal, payment, etc.

Scenarios

In response to the AFC's request for multiple scenarios, five scenarios follow the current rate structure, each scenario provides a reasonable modified rate structure along with the corresponding estimated impact to the status quo MVRT revenue received per year.

Current CBJ MVRT Rates established 2006

Vehicle Type	19	18	17	16	15	14	13	12	11	10	09	08	07&older
Non-Commercial													
Passenger	$44	44	44	44	44	44	44	44	44	44	44	44	44
Motorhomes	44	44	44	44	44	44	44	44	44	44	44	44	44
Pickups	44	44	44	44	44	44	44	44	44	44	44	44	44
Cargo Vans	44	44	44	44	44	44	44	44	44	44	44	44	44
Trailers	4	4	4	4	4	4	4	4	4	4	4	4	4
Motorcycles	4	4	4	4	4	4	4	4	4	4	4	4	4
Farm Vehicles													
Boats (Non-Vessel)													
Vessels													
Commercial													
(0-5,000 lbs)													
Taxicabs													
Tour Bus													
(5,001 - 12,000 lbs)													
(12,001 - 18,000 lbs)													
(18,001 & Over)													
Boats (Non-Vessel)													
Vessels													

Scenario #1

This model increases the existing passenger rates by 100%, from $44/$4 to $88/$8, generating approximately $480,000 of additional revenue annually.

This model implements a flat commercial rate of $88, generating approximately $110,000 of new revenue annually.

Estimated Impact to Annual MVRT Revenue: Increase of **$590,000**

Vehicle Type	19	18	17	16	15	14	13	12	11	10	09	08	07&older
Non-Commercial													
Passenger	$88	88	88	88	88	88	88	88	88	88	88	88	88
Motorhomes	88	88	88	88	88	88	88	88	88	88	88	88	88
Pickups	88	88	88	88	88	88	88	88	88	88	88	88	88
Cargo Vans	88	88	88	88	88	88	88	88	88	88	88	88	88
Trailers	8	8	8	8	8	8	8	8	8	8	8	8	8
Motorcycles	8	8	8	8	8	8	8	8	8	8	8	8	8
Farm Vehicles	88	88	88	88	88	88	88	88	88	88	88	88	88
Boats (Non-Vessel)													
Vessels													
Commercial													
(0-5,000 lbs)	88	88	88	88	88	88	88	88	88	88	88	88	88
Taxicabs	88	88	88	88	88	88	88	88	88	88	88	88	88
Tour Bus	88	88	88	88	88	88	88	88	88	88	88	88	88
(5,001 - 12,000 lbs)	88	88	88	88	88	88	88	88	88	88	88	88	88
(12,001 - 18,000 lbs)	88	88	88	88	88	88	88	88	88	88	88	88	88
(18,001 & Over)	88	88	88	88	88	88	88	88	88	88	88	88	88
Boats (Non-Vessel)													
Vessels													

<u>Scenario #2</u>

This model increases the existing passenger rates by 50%, from $44/$4 to $66/$6, generating approximately $240,000 of additional revenue annually.

This model implements a flat commercial rate of $66, generating approximately $80,000 of new revenue annually.

Estimated Impact to Annual MVRT Revenue: Increase of **$320,000**

Vehicle Type	19	18	17	16	15	14	13	12	11	10	09	08	07&older
Non-Commercial													
Passenger	$66	66	66	66	66	66	66	66	66	66	66	66	66
Motorhomes	66	66	66	66	66	66	66	66	66	66	66	66	66
Pickups	66	66	66	66	66	66	66	66	66	66	66	66	66
Cargo Vans	66	66	66	66	66	66	66	66	66	66	66	66	66
Trailers	6	6	6	6	6	6	6	6	6	6	6	6	6
Motorcycles	6	6	6	6	6	6	6	6	6	6	6	6	6
Farm Vehicles	66	66	66	66	66	66	66	66	66	66	66	66	66
Boats (Non-Vessel)													
Vessels													
Commercial													
(0-5,000 lbs)	66	66	66	66	66	66	66	66	66	66	66	66	66
Taxicabs	66	66	66	66	66	66	66	66	66	66	66	66	66
Tour Bus	66	66	66	66	66	66	66	66	66	66	66	66	66
(5,001 - 12,000 lbs)	66	66	66	66	66	66	66	66	66	66	66	66	66
(12,001 - 18,000 lbs)	66	66	66	66	66	66	66	66	66	66	66	66	66
(18,001 & Over)	66	66	66	66	66	66	66	66	66	66	66	66	66
Boats (Non-Vessel)													
Vessels													

Scenario #3

This model increases the existing passenger rates in a rolling pattern by model year - 50% (11/12), 100% (13/14), and 128% (15 – 2019), and increases the rate for non-commercial motorcycles and trailers from $4 to $6 across all model years, generating approximately $170,000 of additional revenue annually.

This model implements a graduated commercial rate, mirroring the passenger rates, generating approximately $82,000 of new revenue annually.

Estimated Impact to Annual MVRT Revenue: Increase of **$252,000**

Vehicle Type	19	18	17	16	15	14	13	12	11	10	09	08	07&older
Non-Commercial													
Passenger	$100	100	100	100	100	88	88	66	66	44	44	44	44
Motorhomes	100	100	100	100	100	88	88	66	66	44	44	44	44
Pickups	100	100	100	100	100	88	88	66	66	44	44	44	44
Cargo Vans	100	100	100	100	100	88	88	66	66	44	44	44	44
Trailers	6	6	6	6	6	6	6	6	6	6	6	6	6
Motorcycles	6	6	6	6	6	6	6	6	6	6	6	6	6
Farm Vehicles	100	100	100	100	100	88	88	66	66	44	44	44	44
Boats (Non-Vessel)													
Vessels													
Commercial													
(0-5,000 lbs)	100	100	100	100	100	88	88	66	66	44	44	44	44
Taxicabs	100	100	100	100	100	88	88	66	66	44	44	44	44
Tour Bus	100	100	100	100	100	88	88	66	66	44	44	44	44
(5,001 - 12,000 lbs)	100	100	100	100	100	88	88	66	66	44	44	44	44
(12,001 - 18,000 lbs)	100	100	100	100	100	88	88	66	66	44	44	44	44
(18,001 & Over)	100	100	100	100	100	88	88	66	66	44	44	44	44
Boats (Non-Vessel)													
Vessels													

Scenario #4

This model follows the rates set by the Municipality of Anchorage, without exempting older model vehicles as they may still have low miles not being driven on the road system. This hybrid non-commercial scenario could possibly generate approximately $275,000 of additional revenue annually.

This model implements MVRT on commercial vehicles, mirroring the commercial rates set by Anchorage, without exempting older model vehicles, generating approximately $120,000 of new revenue annually.

Estimated Impact to Annual MVRT Revenue: Increase of **$395,000**

Vehicle Type	19	18	17	16	15	14	13	12	11	10	09	08	07&older
Non-Commercial													
Passenger	$150	150	140	130	120	110	100	90	70	44	44	44	44
Motorhomes	150	150	140	130	120	110	100	90	70	44	44	44	44
Pickups	150	150	140	130	120	110	100	90	70	44	44	44	44
Cargo Vans	150	150	140	130	120	110	100	90	70	44	44	44	44
Trailers	20	20	20	20	20	20	20	20	20	4	4	4	4
Motorcycles	20	20	20	20	20	20	20	20	20	4	4	4	4
Farm Vehicles													
Boats (Non-Vessel)													
Vessels													
Commercial													
(0-5,000 lbs)	150	150	140	130	120	110	100	90	70	44	44	44	44
Taxicabs	150	150	140	130	120	110	100	90	70	44	44	44	44
Tour Bus	150	150	140	130	120	110	100	90	70	44	44	44	44
(5,001 - 12,000 lbs)	220	220	220	220	220	220	110	110	110	44	44	44	44
(12,001 - 18,000 lbs)	330	330	330	330	330	330	170	170	170	44	44	44	44
(18,001 & Over)	500	500	464	428	392	356	320	284	250	44	44	44	44
Boats (Non-Vessel)													
Vessels													

Scenario #5

This model offers a declining rate structure, beginning with $100 for the most recent model year, and decreasing by $5 for each older model year, while increasing the rate for motorcycles and trailers to $6. This declining by $5, non-commercial scenario could possibly generate approximately $110,000 of additional revenue annually.

This model implements MVRT on commercial vehicles, with a declining rate structure similar to that for the non-commercial scenario, just doubled for commercial vehicles exceeding 5,000 lbs, including tour buses. This model is estimated to generate approximately $115,000 of new revenue annually.

Estimated Impact to Annual MVRT Revenue: Increase of **$225,000**

Vehicle Type	19	18	17	16	15	14	13	12	11	10	09	08	07&older
Non-Commercial													
Passenger	$100	95	90	85	80	75	70	65	60	55	50	45	40
Motorhomes	100	95	90	85	80	75	70	65	60	55	50	45	40
Pickups	100	95	90	85	80	75	70	65	60	55	50	45	40
Cargo Vans	100	95	90	85	80	75	70	65	60	55	50	45	40
Trailers	6	6	6	6	6	6	6	6	6	6	6	6	6
Motorcycles	6	6	6	6	6	6	6	6	6	6	6	6	6
Farm Vehicles													
Boats (Non-Vessel)													
Vessels													
Commercial													
(0-5,000 lbs)	100	95	90	85	80	75	70	65	60	55	50	45	40
Taxicabs	100	95	90	85	80	75	70	65	60	55	50	45	40
Tour Bus	200	190	180	170	160	150	140	130	120	110	100	90	80
(5,001 - 12,000 lbs)	200	190	180	170	160	150	140	130	120	110	100	90	80
(12,001 - 18,000 lbs)	200	190	180	170	160	150	140	130	120	110	100	90	80
(18,001 & Over)	200	190	180	170	160	150	140	130	120	110	100	90	80
Boats (Non-Vessel)													
Vessels													

Recommendations

We recommend that the Assembly Finance Committee direct staff to:

1. Introduce an ordinance to adjust CBJ's MVRT, by either:
    a. Adopting any Scenario as detailed in this memo, or
    b. Adopting any Scenario with specific amendments, or
    c. Appointing a three-member subcommittee to develop an acceptable MVRT rate schedule
2. Introduce appropriation ordinances to
    a. Transfer annual MVRT revenue to Streets
    b. Appropriate Areawide general fund receipts to the RecycleWorks program to offset the transfer of MVRT revenue and the repeal of waste management fees

City and Borough of Juneau, Alaska
Airport GO Revenue Bond, Pricing Comparison
October 22, 2019

As Approved by Resolution

	Maturity Years	Principal Amounts	Coupon Interest Rate	Maximum Effective Interest Rates
Rev Bond – Tax Exempt	2020	$1,540,000	5.50%	2.43%
	2021	1,865,000	5.50%	2.46%
	2022	1,955,000	5.50%	2.52%
	2023	2,055,000	5.50%	2.58%
	2024	2,155,000	5.50%	2.64%
	2025	2,265,000	5.50%	2.68%
	2026	2,380,000	5.50%	2.74%
	Total:	$14,215,000		
Rev Bond – AMT	2020	$220,000	5.50%	2.53%
	2021	270,000	5.50%	2.61%
	2022	285,000	5.50%	2.72%
	2023	295,000	5.50%	2.78%
	2024	310,000	5.50%	2.84%
	2025	325,000	5.50%	2.88%
	2026	345,000	5.50%	2.94%
	Total:	$2,050,000		
GO Bond – Tax Exempt	2020	$210,000	5.50%	2.43%
	2021	255,000	5.50%	2.46%
	2022	265,000	5.50%	2.52%
	2023	280,000	5.50%	2.58%
	2024	290,000	5.50%	2.64%
	2025	305,000	5.50%	2.68%
	2026	320,000	5.50%	2.74%
	2027	340,000	5.50%	2.80%
	2028	355,000	5.50%	2.88%
	2029	375,000	5.50%	2.96%
	Total:	$2,995,000		
GO Bond – AMT	2020	$165,000	5.50%	2.53%
	2021	195,000	5.50%	2.61%
	2022	205,000	5.50%	2.72%
	2023	215,000	5.50%	2.78%
	2024	230,000	5.50%	2.84%
	2025	240,000	5.50%	2.88%
	2026	250,000	5.50%	2.94%
	2027	265,000	5.50%	3.00%
	2028	275,000	5.50%	3.08%
	2029	290,000	5.50%	3.16%
	Total:	$2,330,000		
	TOTAL:	**$21,590,000**		

As Sold October 22, 2019

	Maturity Years	Principal Amounts	Coupon Interest Rate	Effective Interest Rates
Rev Bond – Tax Exempt	2020	$1,490,000	5.00%	1.33%
	2021	1,810,000	5.00%	1.35%
	2022	1,900,000	5.00%	1.37%
	2023	1,995,000	5.00%	1.42%
	2024	2,095,000	5.00%	1.48%
	2025	2,195,000	5.00%	1.58%
	2026	2,305,000	5.00%	1.70%
	Total:	$13,790,000		
Rev Bond – AMT	2020	$215,000	5.00%	1.51%
	2021	260,000	5.00%	1.55%
	2022	275,000	5.00%	1.65%
	2023	290,000	5.00%	1.71%
	2024	300,000	5.00%	1.78%
	2025	320,000	5.00%	1.88%
	2026	335,000	5.00%	2.00%
	Total:	$1,995,000		
GO Bond – Tax Exempt	2020	$200,000	5.00%	1.33%
	2021	245,000	5.00%	1.35%
	2022	255,000	5.00%	1.37%
	2023	265,000	5.00%	1.42%
	2024	280,000	5.00%	1.48%
	2025	295,000	5.00%	1.58%
	2026	310,000	5.00%	1.70%
	2027	325,000	5.00%	1.80%
	2028	340,000	5.00%	1.89%
	2029	365,000	5.00%	2.00%
	Total:	$2,875,000		
GO Bond – AMT	2020	$155,000	5.00%	1.51%
	2021	190,000	5.00%	1.55%
	2022	200,000	5.00%	1.65%
	2023	210,000	5.00%	1.71%
	2024	220,000	5.00%	1.78%
	2025	230,000	5.00%	1.88%
	2026	245,000	5.00%	2.00%
	2027	255,000	5.00%	2.10%
	2028	265,000	5.00%	2.19%
	2029	280,000	5.00%	2.30%
	Total:	$2,250,000		
	TOTAL PAR:	**$20,910,000**		
	PREMIUM:	$2,999,567		
	TOTAL BOND SALE PROCEEDS:	**$23,909,567**		

Aggregated All-In True Interest Cost (TIC): 1.947%

To: Jeff Rogers, Finance Director

From: Clinton Singletary, Sales Tax Administrator

Date: October 28, 2019

Re: Single Item & Single Service Cap Increase

CBJ 69.05.040(21) – Sales tax cap on the sale of a single item and 69.05.040(22) – Sales tax cap on the sale of a single service include a provision for an adjustment to the amount of the cap, consistent with the most recent Consumer Price Index for the Anchorage metro area.

The first adjustment was made effective January 1, 2018 and must be adjusted every two years thereafter. The next adjustment will be effective January 1, 2020.

Based on the most recent Anchorage CPI index, both the single item cap and the single service cap level should be increased by $300.

An increase of $300 to each cap level would increase the single item & single service cap from $12,100 to $12,400 effective January 1, 2020.

The CBJ Sales Tax Office has submitted the revised code below to the CBJ Law Dept for an administrative update to the existing code language effective January 1, 2020.

69.05.040(21):

That part of a selling price of a single item that exceeds ~~$12,100.00~~ ***$12,400.00***. This amount will be adjusted in ~~2020~~ ***2022*** and every two calendar years thereafter consistent with the Consumer Price Index for all urban consumers for the Anchorage metropolitan area compiled by the United States Department of Labor, Bureau of Labor Statistics. Adjustments to the amount listed will be rounded to the nearest $100.00.

(a) For purposes of this subsection, a single item is:

(i) An item sold in a single sale consisting of integrated and interdependent component parts affixed or fitted to one another in such a manner as to produce a functional whole. Optional accessories, including goods, services, and contracts for services, if used or essential for the operation of the item, shall be considered part of the functional whole; or

(ii) A single delivery of fuel oil in excess of 50,000 gallons delivered by marine transportation to a single customer.

(b) This section does not apply to the sale of jewelry. For purposes of this subsection:

(i) "Jewelry" is defined as any tangible item of personal property ordinarily wearable on a person consisting in whole or in part of any metal or gem customarily regarded as precious.

(ii) "Precious gems" means any gem that is valued for its character, rarity, beauty or quality, including, but not limited to, diamonds, rubies, emeralds, sapphires, opals, pearls or any other such precious gems or stones.

(iii) "Precious metals" means any metal that is valued for its character, rarity, beauty or quality, including, but not limited to, gold, silver, platinum, titanium, or any other such metals.

69.05.040(22)

That portion of the selling price of a single service that exceeds ~~$12,100.00~~ ***$12,400.00***. This amount will be adjusted in ~~2020~~ ***2022*** and every two calendar years thereafter consistent with the Consumer Price Index for all urban consumers for the Anchorage metropolitan area compiled by the United States Department of Labor, Bureau of Labor Statistics. Adjustments to the amount listed will be rounded to the nearest $100.00. For the purposes of this subsection, a single service is an interrelated and interdependent function necessary to perform a specified action. If a single service is performed over a period exceeding one month, the selling price must be apportioned to a monthly or invoice basis, whichever is more frequent, proportionate to the service performed, except for:

(a) A commission paid to an agent for negotiating the sale of real property, or

(b) A written contingent fee agreement award or settlement.