

City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, September 5, 2018, 5:30 p.m.

I. Call to Order

The meeting was called to order at 5:30 PM by Jesse Kiehl, Chair.

II. Roll Call

Committee Members Present: Mary Becker, Jesse Kiehl, Loren Jones, Maria Gladziszewski, Jerry Nankervis, Rob Edwardson and Mayor Ken Koelsch.

Committee Members Participating Telephonically: None.

Committee Members Absent: None.

Clerk's Note:

Two of the Assembly seats were vacant at the time of this meeting.

- *One of the District 2 seats was vacated by Beth Weldon on July 31, 2018.*
- *One of the Areawide seats was vacated by Norton Gregory on August 13, 2018.*

Their departures left two vacancies that will be determined by the voters in the October 2, 2018, Regular Municipal Election.

Staff Present: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Bob Bartholomew, Finance Director; Rob Palmer, City Attorney; Carl Uchtyl, Port Director, Docks & Harbors; Rich Etheridge, Fire Chief; Sam Muse, Controller; and Elisabeth Jensen, Budget Analyst.

III. Approval of Minutes

The August 8, 2018, minutes were approved as presented.

IV. Manufacturing Personal Property Tax (Ptax) Exemption Limitation Update

Bob Bartholomew, Finance Director, introduced the topic found on pages 4-5 of the meeting packet. Based on an Assembly request, an analysis was conducted to review the potential impact of eliminating the exemption limitation based on the number of Full Time Equivalent Employees (FTE) a business employs. The exemption is also based on a declining sliding scale of five years (year 1 - 100% of eligible value exempt, year 5 - 20% eligible). CBJ's current ability to exempt 100% of property value from tax is grandfathered in. Any change to our existing program would cancel the grandfathered provision. Going forward only the Ptax in excess of 2.65 mills would be eligible for exemption. If the CBJ were to amend this portion of the existing code, the CBJ code would no longer be grandfathered in under the former State statutes, and result in an exemption floor of 2.65 mills (minimum required school funding requirement).

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Discussion amongst the Assembly members ensued.

Jesse Kiehl provided a bit of history on the Senate Bill, stating that in the process of Senate Bill 100 going through the legislature, the creators made sure that the end result of the new law wouldn't impact Juneau's existing BPP laws. Robert Palmer, City Attorney confirmed Mr. Kiehl's statement.

V. Non-Profit Retail Sales Exemption from Sales Tax

In response to Assembly inquiries regarding the background and revenue loss from exempting non-profit organization retail sales from sales tax, Mr. Bartholomew, Finance Director, discussed the information provided on pages 6-7 of the meeting packet. The Assembly discussed the topic.

VI. FY18 Operating Budget Supplemental Funding Ordinance Update

Rorie Watt, City Manager and Mr. Bartholomew, Finance Director, discussed the information provided on pages 8-10 of the meeting packet.

Mr. Watt said he was not happy about the supplemental request, and "Most of the need is driven by revenue projection problems, revenue not materializing. It is not expenditure driven. It really should have come to light sooner so the assembly could have more time to react and the departments more time to adjust."

Mr. Bartholomew, noted that overall, expenditures were under budget, and that departments have done a good job reducing costs over the past few years but that there is less financial flexibility to absorb changes.

Clerk's Note: Mayor Koelsch left the meeting at 6:51 PM.

Clerk's Note: Mary Becker left the meeting at 7:01 PM.

Jerry Nankervis, moved to refer Ordinance 2017-09(BB) to the full Assembly for approval. WITHOUT OBJECTION.

VII. Next Meeting Date

Wednesday, November 7, 2018.

VIII. Adjournment

The meeting was adjourned at 7:07 PM.