

**CITY OF HOMER
HOMER, ALASKA**

Aderhold

RESOLUTION 24-079(S)(A)

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA
PROVIDING COMMENTS TO THE ALASKA STATE LEGISLATURE
REGARDING THE IMPACT OF TAX EXEMPTIONS ON
MUNICIPALITIES

WHEREAS, The Alaska Legislature regularly proposes various exemptions on municipal property and sales taxes and evaluates proposals for statewide sales taxes to generate new state revenues; and

WHEREAS, Article 10 of Alaska's constitution states that "The purpose of this article is to provide for maximum local self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdictions. A liberal construction shall be given to the powers of local government units."; and

WHEREAS, The City of Homer relies predominantly on sales and property taxes to fund general services to our residents and visitors; and

WHEREAS, Sales taxes represent 57% of Homer's general fund; and

WHEREAS, Real property taxes represent 23% of Homer's general fund, based on a mil rate of 4.5 mils; and

WHEREAS, An example of a tax exemption that the Alaska Legislature has imposed on municipalities is the \$150,000 senior property tax exemption for primary residences, an exemption that in the past was reimbursed by the State but is now an unfunded mandate; and

WHEREAS, For the City of Homer, the senior property tax exemption represents a 10% reduction in our annual budget, or the portion of revenues that are transferred to other property taxpayers; and

WHEREAS, Homer's sales tax rate is 4.85%, divided among the following specified budget purposes:

- 3.0% for the general fund
- 0.75% dedicated to a program to help expand the city's water and sewer lines
- 0.75% to pave and repair roads and expand sidewalks, and maintain and expand trails
- 0.30% to pay down the bond debt needed to build a police station

- 0.05% to maintain the police station long-term; and

WHEREAS, A statewide sales tax ~~may cause the City of Homer to reduce its sales tax.~~
may force the City to reduce its sales tax with no guarantee of reduced expenses
through increased state services that benefit our local citizens.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, provides the following comments to the Alaska State Legislature regarding mandating real property and sales tax exemptions and the imposition of a statewide sales tax:

- We ask that the Legislature Honor Title 10 of Alaska's constitution and allow for the maintenance of local government control.
- The Legislature and local governments should work as a partnership, and we believe the Legislature should consult with the Alaska Municipal League and municipalities regarding any bills that propose property or sales tax exemptions to understand how those exemptions would impact the ability of municipalities to provide critical public services to residents and visitors, including, but not limited to, providing police and fire services, maintaining local public infrastructure, managing zoning codes, conducting local elections, and responding to public needs.
- We ask that the Legislature recognize that implementing a statewide sales tax would likely force the City of Homer to reduce its sales tax, which would hinder our ability to provide the public services listed above; expand water and sewer infrastructure; maintain, improve, and expand roads, sidewalks, and trails; and pay down bond debt.
- Property tax exemptions on specified classes of property owners shift the burden of funding municipal services on other classes of property owners in ways that may not be fair or equitable.
- The cumulative impacts of multiple Legislatively imposed property tax exemptions and implementation of a statewide sales tax is detrimental to the ability of local governments to provide critical public services.

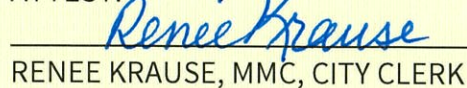
PASSED AND ADOPTED BY THE CITY COUNCIL OF HOMER, ALASKA, THIS 12th day of August, 2024.

CITY OF HOMER

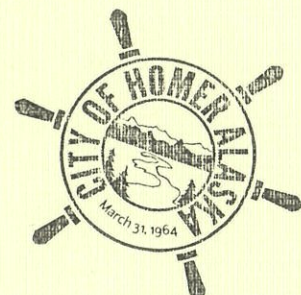


KEN CASTNER, MAYOR

ATTEST:


RENEE KRAUSE, MMC, CITY CLERK

Fiscal Note: N/A



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WHEREAS, Sales taxes represent 57% of Homer's general fund; and

WHEREAS, Real property taxes represent 23% of Homer's general fund; and

WHEREAS, The Alaska State Legislature has imposed on municipalities a \$150,000 senior property tax exemption for primary residences, an exemption that in the past was reimbursed by the State but is now an unfunded mandate; and

WHEREAS, For the City of Homer, the senior property tax exemption represents a XX% reduction in our annual budget; and

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- Property tax exemptions on specified classes of property owners shift the burden of funding municipal services on other classes of property owners in ways that may not be fair or equitable.

PASSED AND ADOPTED BY THE CITY COUNCIL OF HOMER, ALASKA, THIS 22th day of July 2024.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

RENEE KRAUSE, MMC, ACTING CITY CLERK

Fiscal Note: N/A

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