

Introduced by: Bagley
Date: 10/25/16
Hearing: 11/22/16
Action: Enacted as Amended
Vote: 5 Yes, 4 No, 0 Absent

**KENAI PENINSULA BOROUGH
ORDINANCE 2016-38**

**AN ORDINANCE AMENDING KPB 5.12.245 ALLOWING FOR PERMANENT
MOTOR VEHICLE REGISTRATION TAX FOR NON-COMMERCIAL MOTOR
VEHICLES AND NON-COMMERICAL TRAILERS THAT ARE AT LEAST EIGHT
YEARS OLD**

WHEREAS, the 2014 Alaska Legislature enacted HB 19 which allows municipalities to provide a permanent registration tax for non-commercial motor vehicles and non-commercial trailers that are at least eight years old; and

WHEREAS, the permanent registration expires when the owner transfers or assigns the owner's title or interest in the vehicle and may not be renewed; and

WHEREAS, if the borough adopts the permanent registration option the charges would include the state permanent registration fee for non-commercial motor vehicles and trailers of \$25 each plus the regular registration fee, and the borough permanent registration tax; and

WHEREAS, the borough's current biennial motor vehicle tax schedule for non-commercial motor vehicles and trailers is as follows;

Tax according to age of vehicle since model year:

Type	1st	2nd	3rd	4th	5th	6th	7th	8 th or Over
(2) Passenger	140	120	100	80	60	50	40	30
(6) Trailers (non-commercial)	20	18	16	14	12	10	10	10

WHEREAS, the borough currently receives approximately \$685,000 per year in motor vehicle tax on vehicles that are at least eight years old, which is distributed to the borough, cities and service areas by population in accordance with KPB 5.12.245(B); and

WHEREAS, the borough currently receives approximately \$55,000 per year in motor vehicle tax on non-commercial trailers that are at least eight years old, which is distributed to the borough, cities and service areas in accordance with KPB 5.12.245(B); and

WHEREAS, if the borough implements a permanent registration tax of \$125.00 for non-commercial motor vehicles that are at least eight years old and 50 percent of eligible vehicles participate in the program, the non-commercial motor vehicle tax revenue over a ten year period is estimated to be \$7.3 million compared to estimated revenues of \$6.9 million under the current tax system; and

WHEREAS, if the borough implements a permanent registration tax of \$25.00 for non-commercial trailers that are at least eight years old and 25 percent of eligible vehicles participate in the program, the non-commercial tax revenue over a ten year period is estimated to be \$510,000 compared to estimated revenues of \$550,000 under the current tax system; and

WHEREAS, implementing a permanent registration tax for non-commercial motor vehicles and non-commercial trailers would be a convenience to borough residents;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That KPB 5.12.245 is hereby amended as follows:

5.12.245. Personal property tax—Annual motor vehicle registration tax—Levy—Distribution.

- A. There is levied a biennial motor vehicle registration tax within the borough pursuant to the provisions of AS 28.10.431 and as such statute may be hereafter amended, revised or replaced, based on the age of the vehicle as determined by model year in the first year of the biennial period, according to the following schedule. The categories under "Type" are intended to coincide with the categories provided in AS 28.10.431(b), as now enacted or as may be hereinafter amended. The annual motor vehicle tax on commercial vehicles is one-half the rate of the biennial tax.

MOTOR VEHICLE TAX SCHEDULE BIENNIAL SCHEDULE

Tax according to age of vehicle since model year:

Type	1st	2nd	3rd	4th	5th	6th	7th	8 th or over
(1) Motorcycle	\$20	\$18	\$16	\$14	\$12	\$10	\$10	\$10
(2) Passenger	140	120	100	80	60	50	40	30
(3) Taxicab	150	130	110	90	70	60	50	40

(4) Comm Veh (≤5k lbs)	150	130	110	90	70	60	50	40
Comm Veh (>5k, ≤12k)	200	180	160	140	120	100	75	50
Comm Veh (>12k, ≤18k)	300	260	220	180	140	100	80	60
Comm Veh (>18k)	400	350	300	250	200	150	100	70
(5) Motor Bus	200	180	160	140	120	100	75	50
(6) Trailers (Non-Commercial)	20	18	16	14	12	10	10	10
(7) Non Applicable	—	—	—	—	—	—	—	—
(8) Pick up/Van	140	120	100	80	60	50	40	30
(9) Dealer Plates (Initial)	100	100	100	100	100	100	100	100
Dealer (Subsequent sets)	100	100	100	100	100	100	100	100

B. Optional permanent motor vehicles registration tax for non-commercial motor vehicles and trailers that are at least eight years old.

1. Owners of non-commercial motor vehicles and trailers that are at least eight years old may elect to permanently register their non-commercial motor vehicles and non-commercial trailers.
- The permanent registration expires when the owner transfers or assigns the owner's title or interest in the motor vehicle or trailer and may not be renewed.
3. The optional permanent motor vehicle registration tax for non-commercial motor vehicles is \$125 and for non-commercial trailers is \$25.00.

[B] C. Money received by the borough under this section and AS 28.10.431, and as such statute may be hereafter amended, revised or replaced, shall be allocated by the borough for city, borough, and service areas using the same method as taxes are distributed, except that population shall be the basis rather than assessed value. The method is as follows:

1. The population of each tax authority group (TAG) shall be determined. Population shall be established by the latest figures determined by the Kenai Peninsula Borough and accepted by the State of Alaska Department of Community and Regional Affairs for allocation of state revenue sharing funds, or other reliable data. Where a TAG boundary and the boundary of the most similar area counted for population (usually a voting precinct) do not coincide, an estimate of the

population of the dissimilar area shall be made to arrive at the most accurate determination of population of the TAG. The sum of the populations of all TAGs shall equal the total population of the borough.

2. The total receipts shall be apportioned to each TAG based upon its percentage of the total borough population.
3. The receipts apportioned to a particular TAG shall be distributed to the tax authority funds (TAFs) which make up that TAG. Such distribution shall be based upon the mill rates of the TAFs compared to the total mill rate of the TAG. The percentage shall be equal to the TAFs mill rate divided by the total mill rate for the TAG.

[C] D. One motor vehicle per household owned by a resident 65 years of age or older on January 1st of the assessment year is exempt from the registration tax under AS 28.10.431. An exemption may be granted under this subsection only upon written application on a form prescribed by the department of public safety.

SECTION 2. That pursuant to AS 28.10.431(j) the administration shall file a written notice of the establishment of this tax for permanently registered motor vehicles.

SECTION 3. That upon enactment this ordinance shall be effective July 1, 2017.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 22ND DAY OF NOVEMBER, 2016.

Kelly Cooper, Assembly President

ATTEST:

Johni Blankenship, MMC, Borough Clerk

Yes: Bagley, Fischer, Gilman, Holmdahl, Knopp

No: Dunne, Ogle, Welles, Cooper

Absent: None