

# Title 3

## Revenue and Finance

### Chapters:

- 3.01 Budget Procedure and Fiscal Year
- 3.02 Financial Procedure
- 3.04 Real and Personal Property Tax
- 3.08 Consumer's Sales Tax
- 3.09 Interest Income

### Chapter 3.01

#### Budget Procedure and Fiscal Year

### Sections:

- 3.01.010 Fiscal year designated.
- 3.01.020 Budget proposal--Presented when--Contents--City Manager responsibility.
- 3.01.030 Budget proposal--Council review and public inspection required.
- 3.01.040 Budget proposal--Public hearing—Notices required.
- 3.01.050 Budget proposal--Adoption required when-- Appropriation authority.
- 3.01.060 Budget proposal--Council authority--Effect of non-adoption.
- 3.01.070 Emergency appropriations.
- 3.01.080 Supplemental appropriations.
- 3.01.090 Transfer of funds--Authority of Manager and Council.

**3.01.010 Fiscal year designated.** The fiscal year of the City of Seldovia commences on the first day of July and terminates on the last day of the following June. (Ord. 82-3, 1982)

**3.01.020 Budget proposal--Presented when--Contents--City Manager responsibility.** During or prior to the eight week preceding the first day of the fiscal year, the City Manager shall present to the Council a budget proposal for the next fiscal year of the City. Such budget proposal shall set forth the City Manager's recommendations for and an analysis of the anticipated income and expenditures of the City during the next fiscal year, together with figures showing the estimated corresponding amounts for the current year and the previous year. The proposed expenditures set forth in the budget proposal shall not exceed revenues of the City. Unencumbered funds remaining at the end of the current fiscal year may be reallocated for purposes set forth in the budget proposal. (Ord. 82-3, 1982)

**3.01.030 Budget proposal--Council review and public inspection required.** The budget proposal shall be reviewed by the Council and be available for public inspection at the city office. (Ord. 82-3, 1982)

**3.01.040 Budget proposal--Public hearing--Notices required.** The Council shall set a date for a public hearing on the budget proposal. Notice of the hearing shall be posted not less than 5 days before the hearing. The City Clerk shall cause the notice to be posted. (Ord. 82-3, 1982)

**3.01.050 Budget proposal--Adoption required when--Appropriation authority.** After the public hearing, on the same day or another day following the hearing, and not less than 20 days prior to the end of the fiscal year, the Council in regular or special meeting shall adopt a budget for the following year and make an appropriation of the money needed therefore. (Ord. 82-3, 1982)

**3.01.060 Budget proposal--Council authority--Effect of non-adoption.** If the Manager does not submit a budget proposal as required in Section 3.01.020 the Council may prepare the budget proposal. If the Council does not adopt a budget prior to the twentieth day preceding the beginning of the next fiscal year, the budget proposal shall become the budget and appropriation for the fiscal year without further Council action. (Ord. 82-3, 1982)

**3.01.070 Emergency appropriations.** The Council may make emergency appropriations to meet public emergencies affecting life, health, welfare or property, by resolution, without public hearing. The emergency shall be clearly stated in the preamble of the resolution. An emergency appropriation resolution is effective upon adoption. (Ord. 82-3, 1982)

**3.01.080 Supplemental appropriations.** Supplemental appropriations, except emergency appropriations, may be made only after hearing as provided in this section for the budget. (Ord. 82-3, 1982)

**3.01.090 Transfer of funds--Authority of Manager and Council. A.** The Council may, by resolution, transfer unencumbered balances between major budget classifications or departments.

B. The City Manager may transfer unencumbered balances between line items within a major classification or department. Such transfer shall be reported to the next regular or special meeting of the Council. (Ord. 82-3, 1982)

## Chapter 3.02 Financial Procedure

### Sections:

- 3.02.010 Central treasury.
- 3.02.020 Depository banks--Accounts maintained.
- 3.02.030 Investments or deposits--Security.
- 3.02.040 Expenditures and obligations--Authority.
- 3.02.050 Control of and accountability for expenditures.
- 3.02.060 Reports required.

**3.02.010 Central treasury.** All revenues and other receipts of the general government, shall be deposited into the central treasury. The Manager shall be responsible for treasury management. (Ord. 82-3, 1982)

**3.02.020 Depository banks--Accounts maintained.** The Manager shall select the depository bank or banks, subject to the approval of the Council. In addition to a working fund account or accounts, deposits shall be maintained in one or more additional banks or savings and loan institutions when cash on hand is sufficiently in excess of working fund requirements to merit this, or where the proceeds from the sale of bonds, or from other sources of funds belonging to the City, provide funds available for deposit or investment. The City is authorized to invest in United States securities. The City may invest in other securities, or deposit in other financial institutions with the approval of the Council. (Ord. 82-3, 1982)

**3.02.030 Investments or deposits--Security.** The Manager subject to the approval of the Council, shall establish such other financial procedures and regulations to govern the method and manner of transacting the financial affairs of the City, including the terms and conditions of investment or deposit, in accordance with requirements and practices calculated to primarily safeguard the moneys of the City and secondarily obtain the highest yield on City investments and deposits, with due regard to the security of the investments and margins of risk. (Ord. 82-3, 1982)

**3.02.040 Expenditures and obligations--Authority.** Adoption of the budget and appropriation of the money therefore constitutes the general authority for the Manager to incur obligations and make expenditures within the limits of the budget. (Ord. 82-3, 1982)

**3.02.050 Control of and accountability for expenditures.** The Manager shall establish and initiate adequate procedure to maintain control of and accountability for expenditures. Procedures shall provide suitable documents to authorize for their use. (Ord. 82-3, 1982)

**3.02.60 Reports required.** The Manager shall make a monthly report of receipts, expenditures and fund balances to the Council. (Ord. 82 3, 1982)

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8/28/90; 06/11/2008; 9/22/11; 8/14/13; 9/21/17

## Chapter 3.03 Major Maintenance and Repair Fund

### **Sections:**

- 3.03.40 Establishment of MMRF.
- 3.03.10 Purpose
- 3.03.150 Income and Distribution.

### **3.03.04 Seldovia Major Maintenance and Repair Fund Established.**

There is established as a separate fund within the finances of the City a fund to be known as the Seldovia Major Maintenance and Repair Fund (hereinafter referred to as "the MMRF fund"). The fund shall be administered in accordance with the provisions of this chapter.

**3.03.10 Purpose.** The MMRF fund is created to account for revenues and expenditures of major capital projects, repairs, and replacement needs. Revenues and expenditures will be accounted for separately within the fund for the General Fund, Capital Projects Fund, Water Fund, Sewer Fund, Dock Fund, Small Boat Harbor Fund, and Boat Haul Out Fund. The MMRF Fund is created for the purpose of accumulating reserve funds to finance scheduled facility and equipment repair and replacement needs.

**3.03.15 Income and Distributions.** The Council will make appropriations and distributions in the same manner it does for other funds. The Council may, from time to time, make additional deposits into the MMRF fund. Any funds received by the City from any source may be deposited into the fund. (Ord. 06-11,2006)

## Chapter 3.04 Real and Personal Property Tax

### Sections:

- 3.04.010 Real and personal property tax.
- 3.04.015 Aircraft Personal Property Tax
- 3.04.016 Watercraft Personal Property Tax
- 3.04.020 Compliance with applicable law.
- 3.04.030 Collection.
- 3.04.040 Annual levy established.

**3.04.010 Real and Personal Property Tax.** All real and personal property located within the corporate limits of the City that is not exempt from taxation by State Law or City Code is subject and liable for an annual tax for City purposes. (Ord. 87-10 Sec. 1, 1987, Ord. 06-06, 2006)

### **3.04.015 Aircraft Personal Property Tax—Assessments—Aircraft—Appeal.**

#### **Assessments:**

For purposes of taxation, aircraft that have been issued an "N" number by the Federal Aviation Administration ("FAA") by January 1 of the tax year shall be totally exempted from ad valorem taxes and shall be taxed in accordance with the following flat tax schedule:

#### **Aircraft Flat Tax Schedule is based on:**

Manufacturers' Gross Weight with an Internal Load (MGWIL)

Fixed Wing Class	Weight	Annual Tax
1	Less than 2,000 lbs	\$50
2	2,000 to less than 4,000 lbs	\$100
3	4,000 to less than 6,000 lbs	\$300
4	6,000 to less than 12,500 lbs	\$600
5	12,500 or more in weight	\$1,000

Rotorcraft/Rotary Wing Class	Weight	Annual Tax
1	Less than 1,500 lbs	\$100
2	1,500 to less than 3,500	\$600
3	3,500 or more in weight	\$1,000

The owner of record of an aircraft that has been dismantled, destroyed or crashed and the FAA "N" number has been retained by the aircraft's owner of record may submit to the assessor on an approved form "Aircraft Statement of Condition" that

would allow for ad valorem taxation of that aircraft if approved. Aircraft for which such registration or licensing has lapsed or that has not passed the annual inspection required by the FAA shall not qualify on this basis alone for ad valorem taxation unless it has been dismantled, destroyed or crashed.

Commercial aircraft operated under a regular schedule by a scheduled airline shall be exempt from the flat tax and shall be taxed on an ad valorem basis in accordance with the KPB landing schedule formula. The KPB landing schedule formula provides for the prorated calculation of scheduled aircraft by dividing the total hours per year into the total time aircraft operated by a scheduled carrier are in the KPB, and multiplying the result by the assessed value of each aircraft.

**Definitions. For purposes of this section:**

"Aircraft" means any engine powered contrivance invented, used, or designed to navigate, or fly in, the air and that is capable of being manned and is required by the FAA to be registered and certified in order to be manned.

"Aircraft engine" means an engine used, or intended to be used, to propel an aircraft, except the tail rotor of a helicopter.

"Commercial aircraft" means any aircraft transporting passengers and/or cargo for some payment or other consideration, including money or services rendered

"Crashed" means aircraft for which only parts remain that, due to their condition, can no longer be assembled to create any contrivable aircraft. This shall be evidenced by an FAA accident report and/or copy of an insurance claim that determines the aircraft to be a total loss.

"Destroyed" means aircraft that have been damaged by age, weather, neglect and/or external influences outside the owner's control, and only unusable parts remain that, due to their condition can no longer be assembled to create any contrivable aircraft. This shall be evidenced by photographs and a physical inspection by the KPB Assessing staff appraiser if deemed necessary by the borough assessor.

"Dismantled" means aircraft that have been voluntarily disassembled and only parts remain that can no longer be assembled to create any contrivable aircraft. Evidence such as photographs and a physical inspection by the KPB Assessing staff appraiser shall be provided or allowed if deemed necessary by the borough assessor.

"Scheduled airline" means any individual, partnership, corporation or association: Engaged in air transportation under regular schedules to, over, away from, or within the U.S.; and a Foreign Air Carrier Permit or Holding a Certificate of Public Convenience and Necessity, issued by the Department of Transportation pursuant to 14 CFR Parts 201 and 213.

**Appeals:**

An aircraft owner may appeal the determination of the borough assessor under this section using the procedures set out in KPB 5.12.050 -.060. (Ord. 06-06)

**3.04.016 Watercraft Personal Property Tax- Assessments-  
Watercraft-Appeal**

**Assessments:** For the purpose of taxation, watercraft shall be exempt from ad valorem taxes and shall be taxed in accordance with the following flat tax schedule:

**Watercraft Flat Tax Schedule is based on:**

Boat Class	Overall Length (ft.)	City Annual Tax
1	Less Than 15	\$0
2	15 to less than 20	\$0
3	20 to less than 25	\$30
4	25 to less than 36	\$90
5	36 to less than 60	\$150
6	60 to less than 100	\$300
7	100 or more	\$600

**Appeals:** The owner of record of a watercraft that has been dismantled or destroyed may appeal the determination by submitting to the assessor on an approved form that would allow for ad valorem taxation of the watercraft if approved, using procedures set out in KPB 5.12.050 (Ord. 14-04(2), 2014)

**3.04.020 Compliance with applicable law.** Assessments, levy, collection of taxes and foreclosures of tax liens shall be in accordance with AS Chapter 29.45. (Ord. 87-10 Sec. 1, 1987)

**3.04.030 Collection.** Such taxes shall be collected by the Kenai Peninsula Borough under authority of AS Chapter 29.45, and shall be collected in accordance with the Kenai Peninsula Borough Code, Title 5 and AS Chapter 29.45. (Ord. 87-10 Sec. 1, 1987)

**3.04.040 Annual levy established.** The City Council shall establish the rate of the annual levy by resolution. (Ord. 87-10 Sec. 1, 1987)

## Chapter 3.08 Consumer's Sales Tax

### Sections:

- 3.08.010 Sales tax--Levied.
- 3.08.020 Dedication.
- 3.08.030 Collection
- 3.08.040 Borough provisions adopted by reference.

**3.08.010 Sales tax--Levied.** A consumer's tax in an amount to be set by ordinance as follows:

1 <sup>st</sup> qtr:	2%
2 <sup>nd</sup> qtr:	4.5%
3 <sup>rd</sup> qtr:	4.5%
4 <sup>th</sup> qtr:	2%

is levied by the City on all sales, rents and services within the City except as may be otherwise exempted by law. (Ord. 87-11 Sec. 1, 1987; Ord. 91-02 ratified 08/20/1991; Ord. 92-22; Ord. 00-12, ratified 10/3/00)

**3.08.020 Dedication.** The consumer's sales tax shall go to the general fund (Ord. 87-11 Sec. 1, 1987; Ord. 89-2, 1989, ratified 4/25/89; Ord. 92-22)

**3.08.030 Collection.** The consumer's sales tax levied by this ordinance shall be collected by the Kenai Peninsula Borough as required in AS 29.35.170, in conformance with AS 29.45 and the Kenai Peninsula Borough Code, Title 5. (Ord. 87 11 Sec. 1, 1987)

**3.08.040 Borough provisions adopted by reference.** A. Except as provided in (b) below, Those sections of the Kenai Peninsula Borough Code of Ordinances Title 5, Chapter 18, applicable to the levy and collection of sales taxes are incorporated here by reference and made a part of this chapter as though fully set forth. (Ord. 87-11 Sec. 1, 1987)

(b) there shall be no sales tax exemption on nonprepared food. The above sentence does not affect the sales tax exemptions granted under AS 29.45.700. (Ord 09-08 Sec 2, 2008)