

12.25.040 - Computation of maximum attainable tax revenue amount.

The estimate of maximum attainable tax revenue (next year revenue available) is computed for the next fiscal year according to the following procedures:

A. Define the tax increase escalation amount, (L):

$L = (T - d - e) \times (1 + C + P)$ where the base amount for calculating the next year's tax increase limit shall be the total amount of the municipal taxes to be collected for the current fiscal year and:

1. L is the allowable tax increase due to population and inflation growth factors.
2. T is the total amount of:
 - a. Real property and personal property taxes to be collected for the current fiscal year,
 - b. Municipal payments in-lieu of taxes paid or to be paid by any municipality of Anchorage utility, department, agency, public corporation or authority (MPILT),
 - c. Auto fees, and
 - d. State and federal payments in lieu of taxes levied in the current fiscal year in current-year dollars.
3. d is the total amount of municipal tax levied in the current fiscal year to fund the cost of judgments entered against the municipality and to pay principal or interest on bonds, including revenue bonds.
4. e is the total amount of municipal tax levied in the current fiscal year to fund the cost of emergency ordinances enacted pursuant to Charter section 10.03.

5. C is the average percentage increase in the federal consumer price indices (CPI) for the municipality during the preceding five years computed according to the following formula:

$C =$	[($\frac{C0}{C1}$	+	$\frac{C1}{C2}$	+	$\frac{C2}{C3}$	+	$\frac{C3}{C4}$	+	$\frac{C4}{C5}$)	°5]	-1, where:
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- a. C0 is the CPI for the current fiscal year.
- b. C1, C2, C3, C4 and C5 are the consumer price indices in the fiscal year beginning one, two, three, four and five years prior to the current fiscal year.
- c. Where more than one such index is published, that index which best reflects the change in the cost of goods and services in the municipality shall be used.

6. P is computed according to the following formula:

$P =$	[($\frac{P0}{P1}$	+	$\frac{P1}{P2}$	+	$\frac{P2}{P3}$	+	$\frac{P3}{P4}$	+	$\frac{P4}{P5}$)	°5]	-1, where:
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- a. P0 is the population of the municipality in the current fiscal year as determined by the state department of community and regional affairs.
 - b. P1, P2, P3, P4 and P5 are the population of the municipality in the fiscal year beginning one, two, three, four and five years prior to the current fiscal year as determined by the state department of community and regional affairs.
- B. Define exclusions in accordance with Charter section 14.03(b)(2) and the following guidance:
1. Taxes on new construction or property improvements not assessed in the current fiscal year taxed at the same rate as that applied to like properties for the current fiscal year.
 2. Taxes required to fund new, additional or expanded services mandated by voter-approved ballot issues, or by property owner petition under Charter section 9.01(a), where the new, additional or expanded service is provided for the first time in the next fiscal year.
 3. Special taxes authorized by voter-approved ballot issues where the special tax is levied for the first time in the next fiscal year. Any increase during the next fiscal year in a special tax subject to a voter-approved maximum rate also is exempt under this subsection.
 4. Taxes required during the current fiscal year to fund the cost of judgments entered against the municipality and agreements settling litigation against the municipality, or to pay principal and interest, or secure the payment of principal and interest on bonds, including revenue bonds.
 5. Taxes required to fund the cost of an emergency ordinance enacted pursuant to Charter section 10.03.
 6. Taxes required to fund services in special service areas already subject to a maximum mill levy amount if citizen authorization to invoke special levies has been granted.
 7. Estimate of next-year nonproperty taxes and fees.
- C. The summation of the amounts defined in subsections A and B defines the total tax revenue available for next year's budget planning and establishes the next fiscal year property tax required, hence the next year's mill levy.

(AO No. 84-208(S-A); AO No. 2003-160, §§ 2, 3, 1-1-04; AO No. 2003-161, § 1, 12-16-03; AO No. 2003-164, § 1, 12-16-03; AO No. 2004-22, § 1, 2-3-04; AO No. 2005-47, § 1, 4-19-05; AO No. 2005-48, § 1, 4-19-05; AO No. 2005-49, § 1, 4-19-05; AO No. 2009-109, § 2, 1-10-10; AO No. 2011-38, § 1, 3-29-11)