

City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, June 1, 2022, 6:00pm

I. CALL TO ORDER

The meeting was called to order at 6:04 pm by Chair Triem.

II. ROLL CALL

Committee Members Present: Carole Triem, Chair; Mayor Beth Weldon; Maria Gladziszewski; Christine Woll; Michelle Bonnet-Hale; Alicia Hughes-Skandijs; Wade Bryson

Committee Members Present Virtually: Greg Smith (*joined at 6:33pm*); Wáahlal Gíidaak

Committee Members Absent: None.

Staff Members Present: Robert Barr, Deputy City Manager; Robert Palmer, City Attorney; Jeff Rogers, Finance Director; Adrien Speegle, Budget Analyst

Others Present: Susan Bell, McKinley Research President

III. APPROVAL OF MINUTES

The May 18, 2022 minutes were approved as presented.

IV. AGENDA TOPICS

a. Juneau Economic Plan Update

Chair Triem introduced Susan Bell, McKinley Research President who presented the Juneau Economic Plan (JEP) Initiatives detailed on packet pages 8-23. She referenced specific, supporting data for the presentation on packet pages 24-79.

Ms. Bell answered Committee questions surrounding *Housing Affordability and Availability*. Assemblymember Woll stated that the data (detailed on packet pages 19-20) suggesting that rental costs decreased slightly between 2015 and 2019 surprised her as it contradicts her own experience and what she hears from community members anecdotally. In response, Ms. Bell confirmed with data from the Department of Labor and Workforce Development (DOLWD) and the Alaska Housing Finance Corporation (AHFC) on packet pages 65-69 that there are “mixed signals” within the data illustrating decreases in rental costs since 2015 while housing sale values and assessments have increased.

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Mayor Weldon asked for further insight as to why the overwhelming response from the Juneau community suggests a housing crisis in availability and rising prices even as the population decreases. Assemblymember Hughes-Skandijs asked whether inflation costs in amenities were causing significant housing cost increases. Ms. Bell stated that many factors are likely contributing to community pressure and anxiety and she would happily take Committee questions and present further after she is allowed time to confer with Jim Calvin, McKinley Research Senior Economist.

Assemblymember Smith joined the meeting, virtually, at 6:33pm.

Chair Triem suggested that the Committee read the Housing Action Plan adopted by Resolution 2780 on December 19, 2016 as it may contain answers to their questions.

Ms. Bell highlighted that economic activity associated with Alaska Native entities is particularly strong which was not anticipated in the 2015 JEP. These Native entities, listed on packet page 21, collectively account for well over 1,000 jobs in Juneau, with the Southeast Alaska Regional Health Consortium (SEARHC) and Central Council Tlingit Haida Indian Tribes of Alaska (CCTHITA) now among the largest employers in the community. She stated that efforts to better understand the role these organizations play in the Juneau economy (like establishing Juneau as the hub for traditional Northwest art and culture) could ultimately help community growth.

Jeff Rogers, Finance Director, presented packet page 62 which details the trends in State Government Employment from 2011 to 2020. He stated that he and previous Finance Directors anticipated what the data suggests: that a loss in State jobs would likely correlate with a decline in Juneau economic growth. However, he encouraged the Committee to invest time investigating the impact of gaining mining and tourism jobs, which diversified Juneau's economy rendering it more durable and stable, combined with the impact of continued loss of State jobs against the gain of retirees. Retirees, after leaving their jobs, stay in town and continue to support the economy, and there will likely be an economic shift as Juneau begins to lose its retiree population.

b. Waiver of Wildflower Court Bond Debt Reimbursement

Mr. Rogers summarized the memo and letter from Wildflower Court Administrator Kirk Elmore on packet pages 80-82.

Motion: by Assemblymember Gladziszewski that the Assembly Finance Committee waive the requirement for a rate study from Wildflower Court.

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Motion passed by unanimous consent.

The Committee recessed at 6:50pm.

The Committee reconvened at 7:00pm.

c. Exemption of Sales Tax on Food

Mr. Rogers presented packet pages 83-99 detailing four different proposals to enact sales tax exemption on food. As part of his summarization of the memo on packet pages 83-85, Mr. Rogers demonstrated the impact of sales tax change on livability with an Excel spreadsheet that compared mathematical breakdowns of annual sales tax savings per resident household with each tax proposal. The data comparing CBJ net gains and losses with each proposed tax change is on packet page 84.

Mr. Rogers commented that without the impact of a seasonal rate shifting the tax burden from residents to visitors, either resident savings will be lower or the loss of CBJ revenue will be greater. Shifting the tax burden from residents to non-residents is likely popular with local taxpayers, but is unpopular with the business community.

Mr. Rogers also reminded the Committee that Assemblymember Hughes-Skandis has advanced the concept to replace lost revenue with increased property tax collections. A 1.0 mill increase would replace approximately \$5.7 million of the revenue lost by exempting food, and a 1.1 mill increase would replace approximately \$6.3 million. These options could resolve the concerns detailed in the memo: the unintended tax increase on seniors, the unintended tax increase on SNAP beneficiaries, and the business community's concerns about implementing a seasonal rate. A table detailing the impact of a mill increase on different household scenarios is on packet page 85.

In response to Assemblymember Woll's question about when advisory votes are applicable, Robert Palmer, City Attorney, clarified that an advisory vote serves to give the Assembly some direction on major decisions that impact the community. Advisory votes are non-binding and informational.

Chair Triem clarified to the Assembly that the issue of raising the mill rate to pay for losses resulting from removing sales tax on food does not need to go to an advisory vote as the Assembly is in full control of the mill rate. The mill rate must be set by June 15 each year.

Mayor Weldon withdrew her proposal for *Alternative Concept – Tax Rebate for Low Income Households* detailed on packet page 85.

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Motion: by Assemblymember Gladziszewski to move to put the 5.5% year-round sales tax rate proposal on the ballot in October.

Objection: by Assemblymember Gladziszewski

The Committee discussed the motion.

In response to Assemblymember Hale's concerns about due process and the order of discussion and decision, Mr. Palmer clarified that the Committee can always move to rescind a previously adopted motion if they feel it no longer serves the intended goal.

Roll Call Vote:

Ayes: Smith, Hale, Weldon, Bryson

Nays: Gladziszewski, Wáahlalaal Giidaak, Hughes-Skandijs, Woll, Triem

Motion failed. Four (4) Ayes, Five (5) Nays.

Motion: by Assemblymember Hughes-Skandijs to remove sales tax on food and replace lost revenue with a one mill increase to the mill levy.

Objection: Mayor Weldon for purposes of a comment.

Mayor Weldon asked Assemblymember Hughes-Skandijs to remove her motion in order to discuss the possibility of an advisory vote to the community to give their opinion on a seasonal tax versus a rise in mill rate.

The committee recessed at 7:47pm.

The committee reconvened at 7:55pm.

Assemblymember Hughes-Skandijs removed her motion.

Motion: by Assemblymember Hughes-Skandijs to discuss the concept of paying for the removal of sales tax on food by increasing the mill rate by one mill.

Objection: Assemblymember Hale for purposes of a comment.

Assemblymember Hale stated that raising the mill rate may increase strain on property owners especially after a year of rising costs for property owners.

The Committee discussed the motion.

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Roll Call Vote:

Ayes: Smith, Hale, Weldon, Bryson, Gladziszewski, Wáahlalaal Gíidaak, Hughes-Skandijs, Woll, Triem

Nays: None.

Motion passed. Nine (9) Ayes, Zero (0) Nays.

The Committee recessed at 8:18pm

The Committee reconvened at 8:28pm.

Motion: by Assemblymember Gladziszewski to move Ordinance 2022-17 to the full Assembly.

Objection: Assemblymember Bryson, Mayor Weldon

Mayor Weldon and Assemblymember Bryson objected due to the adverse impacts a seasonal sales tax would have on the business community.

The Committee discussed the motion.

Roll Call Vote:

Aye: Woll, Smith, Gladziszewski, Wáahlalaal Gíidaak

Nay: Bryson, Weldon, Hale, Hughes-Skandijs, Triem

Motion failed. Four (4) Ayes, Five (5) Nays.

Motion: by Assemblymember Gladziszewski to have three ordinances drafted with the advisory vote options for consideration.

Motion passed by unanimous consent.

d. Repeal of Sales Tax Exemption for Sales of Goods by Non-Profit Organizations

Mr. Rogers presented Ordinance 2022-16 on packet pages 100-101. The ordinance only repeals the exemption of taxes on “goods.” Most non-profits are sellers of services rather than goods.

The Committee discussed the ordinance and Mr. Palmer and Mr. Rogers answered Committee questions.

Mr. Rogers clarified that “isolated sales” are generally garage sales and like transactions.

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Motion: by Mayor Weldon to table the discussion of non-profit sales exemptions and discuss it at a later time.

Motion passed by unanimous consent.

V. NEXT MEETING DATE

a. July 6, 2022

VI. ADJOURNMENT

The meeting was adjourned at 8:55pm.