CITY OF VALDEZ, ALASKA

RESOLUTION # 19-09

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA OPPOSING SB 57 AND HB 59

WHEREAS, Alaskan municipalities rely on property taxes levied on property within their boundaries to fund essential municipal services, including police protection, fire protection, public works, roads and harbors, and public education;

WHEREAS, the right of Alaskan municipalities to collect property taxes on property within their boundaries has been expressly established by law since 1912;

WHEREAS, the delegates to the Alaska Constitutional Convention intended that Alaskan municipalities would fund essential municipal services through property taxes on property within their boundaries;

WHEREAS, the right of Alaskan municipalities to tax property used for the production and transportation of crude oil ("oil and gas property") located within their boundaries was specifically affirmed in 1973;

WHEREAS, when the Alaska Legislature comprehensively considered and adopted several statutes to ensure the proper development of Alaska's oil and gas resources in 1973, the Alaska Legislature expressly preserved the right of Alaskan municipalities to tax oil and gas property located within their boundaries, provided for the central assessment of oil and gas property by the State of Alaska, and provided Alaskan municipalities with the right to appeal from improper assessments by the State of Alaska;

WHEREAS, the Alaska Legislature expressly recognized Alaskan municipalities with oil and gas property within their boundaries bear inherent costs and risks associated with the use of such property for the production and transportation of crude oil within their boundaries;

WHEREAS, the State of Alaska has historically under assessed oil and gas property, and Alaskan municipalities' appeals of the State of Alaska's improper assessments have resulted in substantial increases in the property taxes for both the State of Alaska and the Alaskan municipalities;

WHEREAS, Governor Michael J. Dunleavy has proposed Senate Bill 57 and House Bill 59, entitled "An Act repealing the credit for municipal payments against the State levy of tax on oil and gas exploration, production, and pipeline transportation property; repealing the levy of tax by a municipality on oil and gas exploration, production, and pipeline transportation property; and providing for an effective date;"

WHEREAS, Senate Bill 57 and House Bill 59 would amend AS 29.45 to prevent Alaskan municipalities from continuing to levy and collect property taxes on oil and gas property within their boundaries and amend AS 43.56 to permit the State of Alaska to begin to levy and collect all property taxes on oil and gas property within Alaskan municipalities' boundaries;

WHEREAS, Senate Bill 57 and House Bill 59 represent a historic overreach by the State of Alaska in claiming municipal property taxes on property within municipal boundaries;

WHEREAS, Senate Bill 57 and House Bill 59 harm all Alaskan municipalities with oil and gas property, which are the Fairbanks North Star Borough, Matanuska-Susitna Borough, Kenai Peninsula Borough, City of Valdez, North Slope Borough, City of Cordova, and the Municipality of Anchorage by denying them the ability to levy and tax oil and gas property within their boundaries;

WHEREAS, Senate Bill 57 and House Bill 59 eliminate the right of Alaskan municipalities to appeal the historic under assessments of oil and gas property by the State of Alaska and would result in substantially lower property taxes on oil and gas property in a time of municipal and State deficits;

WHEREAS, Senate Bill 57 and House Bill 59 will increase budget deficits throughout Alaska by reducing property taxes on oil and gas property;

WHEREAS, Senate Bill 57 and House Bill 59 permit the owners of oil and gas property within municipal boundaries to avoid paying property taxes to support essential municipal services unlike the owners of other types of taxable property within municipal boundaries;

WHEREAS, Senate Bill 57 and House Bill 59 place the cost of municipal services associated with facilitating the operation of oil and gas property within a municipality on all property owners within a municipality except the owners of oil and gas property;

WHEREAS, Senate Bill 57 and House Bill 59 place the costs of monitoring oil spill prevention and response capabilities and municipal oil spill response efforts on all property owners within a municipality except for owners of oil and gas property;

WHEREAS, Senate Bill 57 and House Bill 59 were proposed by Governor Michael J. Dunleavy with no prior communication or outreach to the City of Valdez; and

WHEREAS, since the vast majority of the property within the City of Valdez is oil and gas property, Senate Bill 57 and House Bill 59 would eliminate 90 percent of the City of Valdez's total tax revenue and would devastate the City of Valdez's ability to continue to provide essential municipal services.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA THAT:

Section 1. The foregoing recitals are incorporated in this resolution as if fully set forth herein.

Section 2. The City of Valdez petitions the Alaska Senate and the Alaska House of Representatives to reject Senate Bill 57 and House Bill 59 and any legislation limiting the right of Alaskan municipalities to continue to levy property taxes on oil and gas property.

Section 3. A copy of this resolution shall be delivered to Governor Michael J. Dunleavy, the members of the Alaska Senate, the Alaska House of Representatives, the Commissioner of the Department of Revenue, and the Director of the Office of Management and Budget.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this 26th day of February 2019.

CITY OF VALDEZ, ALASKA

Jeremy O'Neil, Mayor

ATTEST:

Sheri L. Pierce, MMC, City Clerk

SEAL OF THE CITY OF VALDEZ, ALASKA INC. 1901