

INITIATIVE INFORMATIONAL INSERT

FAIRBANKS NORTH STAR BOROUGH REGULAR ELECTION

October 4, 2022

FNSB Proposition 1

Ordinance Establishing Maximum Allowable Tax Revenues

Includes:

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PO#P011611

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PROPOSITION 1

ORDINANCE ESTABLISHING MAXIMUM ALLOWABLE TAX REVENUES

Shall sections 8.04.290 and 8.04.300 of the Fairbanks North Star Borough Code (FNSBC) be reenacted? These sections will provide for limitations on the maximum allowable tax revenues for the Fairbanks North Star Borough. Under FNSBC 8.04.290 the Borough will be able to levy or impose only the same amount of taxes for one fiscal year as the Borough levied or imposed for the preceding year, except that the Borough can increase the amount of taxes levied or imposed (a) to adjust for inflation; (b) to take into account new buildings and land coming onto the tax rolls; (c) make new payments on bonds; (d) pay for services approved by voters; (e) pay for new legal judgments entered against the Borough; and to pay for expenses in emergencies. FNSBC 8.04.300 provides a formula and definitions for the limitations of FNSBC 8.04.290.



YES A **"Yes"** vote reenacts FNSBC 8.04.290 and 8.04.300, which limits the maximum allowable tax revenues for the Borough. If reenacted it may not be modified or negated within two years.



NO A **"No"** vote means the initiative will be defeated. The current revenue cap in the FNSB Code of Ordinances will remain in effect; however, it can now be modified or negated by the assembly.

STRICTLY FACTUAL INFORMATION

Adopted by Assembly of the Fairbanks North Star Borough on July 28, 2022 Resolution No. 2022-23

1. The Ordinance Establishing Maximum Allowable Tax Revenues, generally referred to as the Tax Revenue Cap, was first established by initiative in 1987 and remains in effect.
2. This law limits the total amount of tax that may be levied or imposed by the Borough Assembly. Under this tax revenue cap, the total amount of tax levied or imposed during a tax year cannot exceed the total amount levied or imposed for the preceding tax year, adjusted for inflation with certain defined exclusions.
3. For computational purposes, the tax levy is adjusted for new construction, payments on bonds, additional voter-approved services, new judgments against the Borough, special appropriations necessary on an emergency basis, certain hotel-motel taxes transferred to the hotel-motel room tax fund (used primarily to fund tourism marketing), and any amount withdrawn from the General Fund Fund Balance in the preceding year if designated by the Assembly as a reduction to the property tax levy. Furthermore, the limitation applies to all taxing jurisdictions and types of tax revenue, including property taxes and sales taxes.
4. By Alaska Statute, voter reconfirmation of this ordinance bars the Assembly from overriding or otherwise changing the cap for a two-year period.

STATEMENT ADVOCATING VOTER APPROVAL

Information is the opinion of the author(s) and has been reproduced as submitted, without any changes to grammar, spelling or punctuation.

Case for the Borough Tax Cap

The Borough Tax Cap (more properly called a revenue cap) is actually a cap on the total revenue the borough can take into its coffers in any one year. The total is based on the amount of revenue received in the previous year, plus a cost of living increase.

However, the "cap" is not a total cap; to be legal, certain exceptions had to be provided for – things that are allowed to raise the cap. They are as follows:

- New buildings and land coming onto the tax rolls.
- New payments on bonds approved by the voters
- Payments for services approved by the voters
- New legal judgments entered against the borough
- Expenses for emergencies

You may have noticed that your property taxes have risen over the years that the cap has been in place (since 1988). Most of the increase is due to voter approved bond issues (new schools, library, etc.) and new voter approved services such as the Carlson Center. If we had not had the tax cap in place, you would have seen a much steeper increase in taxes.

Because of the cap, if the Assembly decided to start a sales tax without allowing you to vote on it, they would have to lower other taxes (most likely property taxes) by the same amount. In order for the sales tax to be added without decreasing other taxes, they would have to allow you to vote on the sales tax as a new tax, therefore the tax cap is forcing them to allow you to vote on new taxes.

Over the years, the cap has served you well. Opponents like to blame maintenance backlogs on the cap, but in truth , many years the budget has come in UNDER the cap with the assembly and mayor CHOOSING not to spend on maintenance!

The tax cap is in place right now but it is time to renew it's protections. There is a similar one in the City Charter, where it cannot be changed without a vote of the people. The borough does not have a charter to protect this cap, but state laws says that anything put on by voter initiative is protected from change or elimination for two years. For that reason, we must "renew" the cap every two years.

Please help us extend the protections of the tax cap for two more years, by voting YES on Proposition 1, and opposing attempts to circumvent the cap. Thank you.

Ann Roberts, Secretary of ITA (Interior Taxpayers" Association Inc.)

STATEMENT ADVOCATING VOTER REJECTION

No eligible statement advocating voter rejection was submitted.