FAIRBANKS NORTH STAR BOROUGH

ORDINANCE NO. 2024 – 07

AN ORDINANCE PROVIDING FOR A TAX REVENUE CAP REVISION FOR EDUCATION, SETTING A SPECIAL ELECTION, AND AMENDING THE FY 2023-24 BUDGET BY APPROPRIATING $125,000 FROM THE GENERAL FUND FUND BALANCE TO THE DEPARTMENT OF ASSEMBLY TO FUND A SPECIAL ELECTION

WHEREAS, The Fairbanks North Star Borough (Borough) is currently subject to a voter-initiated tax revenue cap, with only limited mechanisms to raise additional tax revenue; and

WHEREAS, The Fairbanks North Star Borough School District (School District) is a component unit of the Borough, and school districts in organized boroughs do not have independent taxing power; the power to raise revenue for the School District is vested in the Assembly; and

WHEREAS, The Borough Assembly has provided supplemental funding for the School District that was not taxed for in prior years, making continued education support at current levels very challenging; and

WHEREAS, Education funding from the State of Alaska has been flat since 2017, including not being adjusted for inflation; further, the Alaska Legislature passed additional one-time funding for districts in 2023, but the Governor vetoed half of the added funding; and

WHEREAS, The School District is projecting that it will have a $28 million deficit for fiscal year 2024-25 and is facing increased costs including utilities, labor, and healthcare; and
WHEREAS, Increased class sizes, the closure of three schools, and the elimination of programs has been insufficient to account for the reduced funding and increased costs; and

WHEREAS, The tax revenue cap should not impose limitations to amounts that are needed for critical services such as public education, which can have far-ranging impacts such as the Department of Defense Base Realignment and Closure (BRAC) decisions that consider adequate base support in a community; this is especially important in the Borough due to the importance of the military in our economy; and

WHEREAS, This ordinance proposes a tax revenue cap calculation revision of an additional $10,000,000 in total tax revenue that can be derived from any areawide source, including property taxes, tobacco excise tax, hotel-motel room tax, alcoholic beverage tax, and marijuana and marijuana product sales tax; if the additional revenue was solely raised through property tax revenue, it is the equivalent of approximately 1 mill or $100 per $100,000 of assessed taxable value of real property; and

WHEREAS, State statutes and regulations impose restrictions on public entities, including municipalities and school districts, from using public money to influence an election unless a specific appropriation is made; money is defined very broadly to include the use of property, assets, or human resources belonging to a public entity, and the Borough desires to ensure it can effectively communicate information to its constituents without violating these laws; and

WHEREAS, An election is required to determine if the voters authorize an increase to the maximum allowable tax revenue from areawide sources in order to provide education services; and

WHEREAS, A revision to the tax revenue cap will be authorized, but not required, and therefore can be abandoned should the funding no longer be needed; and

WHEREAS, The tax revenue cap, by its terms, expressly excludes those amounts for voter approved services from the limitation on the total amount of tax that can be levied and imposed; while it is questionable whether this is a permissible restriction over the Assembly's control over municipal finances, the Assembly prefers to receive voter input before making any adjustments.

NOW, THEREFORE, BE IT ORDAINED by the Assembly of the Fairbanks North Star Borough:

Section 1. Classification. This ordinance is not of a general and permanent nature and shall not be codified.
Section 2. **Election.** At a special election to be held on May 7, 2024, the following question shall be placed before the qualified voters of the Borough:

Shall the Fairbanks North Star Borough be authorized to increase its maximum allowable tax revenue for areawide taxes by $10,000,000 to fund education?

The additional tax revenue includes taxes from any areawide source, including property taxes, tobacco excise tax, hotel-motel room tax, alcoholic beverage tax, or marijuana and marijuana product sales tax. If the additional revenue is solely raised through property tax revenue, it is the equivalent of approximately 1 mill or $100 per $100,000 of assessed taxable value of real property.

Section 3. If the ballot question provided for in Section 2 of this ordinance passes, the Assembly of the Fairbanks North Star Borough may approve budgets utilizing the increased tax revenue and set the property tax mill rate accordingly.

Section 4. **General Fund Appropriation.** The FY 2023-24 budget is hereby amended by appropriating $125,000 to the General Fund budgetary guideline entitled “Department of Assembly-Division of Elections” and by increasing Contribution from Fund Balance by a like amount.

Section 5. **Effective Date.** This ordinance shall be effective at 5:00 p.m. of the first Borough business day following its adoption.

ADOPTED THE 16TH DAY OF FEBRUARY 2024.

Savannah Fletcher
Presiding Officer

ATTEST:
April Trickey, MMC, Borough Clerk
by Adena Benn, CMC, Deputy Clerk

Yeses: Guttenberg, Reeves-Ramos, LaJiness, Crass, Kelly, O’Neall, Fletcher
Noes: Rotermund, Haney
FAIRBANKS NORTH STAR BOROUGH
FISCAL NOTE

I. Request

Ordinance No: 2024-07 Date Introduced: February 1, 2024

Abbreviated Title: Appropriating $125,000 from the General Fund Fund Balance to the Department of Assembly to Fund a Special Election

II. Financial Detail

Department/Division Affected: Assembly / Elections

<table>
<thead>
<tr>
<th>EXPENDITURE</th>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY 23/24</td>
</tr>
<tr>
<td>Awaiting Budget</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

SOURCE OF FUNDING

<table>
<thead>
<tr>
<th>Contribution from Fund Balance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>125,000</td>
</tr>
<tr>
<td>Total</td>
<td>125,000</td>
</tr>
</tbody>
</table>

Specify Funding Sources: General Fund fund balance

OTHER FUNDING (PREVIOUSLY APPROPRIATED)

III. Project Purpose:

To fund a special election related to the revenue tax cap

IV. Analysis of Future Liabilities and Funding Sources:

None

V. Fund Certification: I certify that funding sources are available as detailed in II above.

Joanne K. Pascoe
Chief Financial Officer

Date: 2/4/24