

Introduced by: Council Member Cleworth  
Finance Committee Review: July 5, 2016  
Introduced Date: July 11, 2016

**ORDINANCE NO. 6027**

**AN ORDINANCE TO PLACE BEFORE CITY VOTERS THE QUESTION OF GRANTING THE CITY COUNCIL THE AUTHORITY TO INCREASE THE RATE OF SALES TAX LEVY BY ONE PERCENT ON MARIJUANA IF THE BOROUGH INCREASES ITS LEVY BY A LIKE AMOUNT**

**WHEREAS**, FNSB Ordinance No. 2016-16 authorized a ballot proposition that if passed by the voters would levy a 5% sales tax on the sale of marijuana and marijuana products and also authorize the Borough Assembly to raise that rate of tax to 6%; and

**WHEREAS**, FNSB Ordinance No. 2016-24 authorized a ballot proposition that if passed by the voters would authorize the Borough Assembly to raise the rate of tax levy on alcoholic beverages from 5% to 6% if the Borough's marijuana sales tax was raised to 6%; and

**WHEREAS**, the sales tax rate for alcoholic beverages is currently 5% in both the City and the Borough; and

**WHEREAS**, in October of 2015, City voters approved a 5% sales tax on marijuana sales, and if Borough voters approve the ballot proposition on marijuana sales, the sales tax rate for marijuana sales will also be 5% in the Borough; and

**WHEREAS**, the City currently collects alcoholic beverage sales taxes imposed in the City, and the Borough collects alcoholic beverage sales taxes imposed outside of the City; and

**WHEREAS**, assuming Borough voters approve a 5% sales tax on marijuana, the City would collect marijuana sales taxes imposed in the City, and the Borough would collect marijuana sales taxes imposed outside the City; and

**WHEREAS**, if the Borough Assembly is granted the authority to raise the marijuana tax and the alcoholic beverage sales tax to 6% and if it did increase those taxes, the rate of tax would be different in the City than in the Borough; and

**WHEREAS**, the City Council has the authority to raise the alcoholic beverages sales tax but not the authority to raise the marijuana sales tax; and

**WHEREAS**, different rates of sales tax levies in the City and in the Borough can create difficulties for both governments and for the merchants who collect the taxes; and

**WHEREAS**, to ensure uniformity in the City and Borough tax rates in the event that both of the Borough ballot propositions pass, the City needs voter approval to allow the City Council the flexibility to increase the sales tax rate on marijuana sales from 5% to 6%.

**NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA, as follows:**

**Section 1.** The City Clerk is directed to place the following question on the ballot for the voters of the City of Fairbanks at the 2016 general election:

**Proposition D:**

**INFORMATION:** The Fairbanks North Star Borough has two propositions on the ballot for the October 2016 election dealing with sales tax on marijuana and alcoholic beverages. If both propositions pass, the Borough Assembly would have the authority to raise the sales tax on marijuana and alcoholic beverages from 5% to 6%. The current City sales tax rate on marijuana and alcoholic beverages is 5%. If the Borough Assembly were to increase the sales tax on marijuana and alcoholic beverages to 6%, the tax levies would be inconsistent.

Shall the City Council be allowed to raise the sales tax rate on marijuana from 5% to 6% to maintain consistency if the Borough Assembly raises its tax rate by the same amount?


YES \_\_\_\_\_

NO \_\_\_\_\_

A "YES" vote would allow the City to raise the sales tax rate on marijuana from 5% to 6% if the Borough Assembly raised its tax rate on marijuana by the same amount.

A "NO" vote does not allow the City to raise its marijuana sales tax rate to 6%.


**Section 2.** This ordinance was passed by the City Council on the 25th day of July 2016, but this ordinance will not become effective unless and until the question is approved by the voters of the City of Fairbanks.


  
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**JOHN EBERHART, MAYOR**

AYES: Rogers, Matherly, Gatewood, Cleworth, Huntington  
NAYS: Pruhs  
ABSENT: None  
ADOPTED: July 25, 2016

ATTEST:

APPROVED AS TO FORM:

  
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D. Danyielle Snider, CMC, City Clerk

  
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Paul Ewers, City Attorney