

Introduced by: Council Members Cleworth,  
Therrien, Kun, Rogers, Pruhs and Mayor Matherly  
Finance Committee Review: June 18, 2019  
Introduced Date: June 24, 2019

**ORDINANCE NO. 6109, AS AMENDED**

**AN ORDINANCE TO PRESENT TO THE QUALIFIED VOTERS OF  
THE CITY OF FAIRBANKS THE QUESTION OF AN AMENDMENT  
TO CITY CHARTER SECTION 6.5 TO ALTER THE TAX CAP**

**WHEREAS**, on October 3, 1989, City of Fairbanks voters incorporated the “Tax Cap” into the City Charter, which essentially stated that the amount of total property and sales taxes the City could collect from one year to the next could only grow with the inflation rate, new building construction (added to the basis), payment of voter-approved bonds, and other limitations contained in Charter Section 6.5B; raising taxes above this formula requires a vote of qualified City voters; and

**WHEREAS**, in 2007, the Tax Cap was amended by voter-approved Ordinance No. 5705 to set a maximum property tax “Base Rate” of 4.9 mills before any exemptions; and

**WHEREAS**, the fixed Base Rate has greatly restricted the City’s ability to grow with the inflation rate as envisioned in the original Tax Cap, causing the City to fall behind the Consumer Price Index; and

**WHEREAS**, City services delivery is negatively impacted by not keeping up with inflation; and

**WHEREAS**, a unanimous vote of the City Council is required to propose an amendment to the City’s Charter, and no amendment shall be effective unless approved by the qualified voters of the City of Fairbanks.

**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 2019 general election:

**Proposition A:**

**INFORMATION:** City voters amended the City Charter in 1989 adopting a Tax Cap. Under the Tax Cap, the total amount of property and sales taxes the City can levy cannot exceed the prior year’s amount by more than the prior year’s rate of inflation, new construction, and the limitations contained in Charter Section 6.5B.

In 2007, City voters approved an amendment to the Charter which limited the property tax mill rate to a maximum of 4.9 mills, before any authorized exemptions. This 4.9 mill base rate has hindered the City’s ability to keep up with inflation over the past 11 years. Proposition A seeks to remove the

base rate language and return to the original Tax Cap as enacted by the City voters in 1989.

The property tax mill rate dropped by 1.108 in 2019. The effect of the passage of Proposition A would be ~~that~~ for a 1% growth in the inflation rate, it is estimated there may~~would~~ be an increase of .306 mills or \$31.00 for every \$100,000 of assessed valuation.

Should the Fairbanks City Charter, Section 6.5.A, be amended to read as follows [text to be deleted is shown in ~~striketrough~~ font]:

**Sec. 6.5. Total amount of city tax that can be levied.**

A. Except as provided in this section, the total amount of municipal tax that can be levied during a fiscal year shall not exceed the total amount approved by the city council for the preceding year by more than a percentage determined by adding the percentage increase in the Federal Consumer Price Index for Anchorage from the preceding fiscal year. ~~Of the total amount of taxes that can be collected, property taxes are limited by a maximum mill levy of 4.9 mills subject to Charter Section 6.5(B).~~ Any new or additional sales tax levied, other than hotel/motel, alcohol, and tobacco, must be approved by the voters in a general election.

YES \_\_\_\_\_

NO \_\_\_\_\_

A "YES" vote amends Charter Section 6.5.A.

A "NO" vote does not allow the amendment.

**Section 2.** This ordinance, passed by the City Council on the \_\_\_\_ day of July 2019, shall not become effective unless and until the question is approved by the voters of the City of Fairbanks.

\_\_\_\_\_  
**Jim Matherly, Mayor**

AYES: Kun, Therrien  
NAYS: Cleworth, Pruhs, Rogers, Ottersten  
ABSENT: None  
FAILED: July 8, 2019

ATTEST:

APPROVED AS TO FORM:

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D. Danyielle Snider, CMC, City Clerk

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Paul J. Ewers, City Attorney