

ORDINANCE NO. 6257

**AN ORDINANCE TO PRESENT TO THE QUALIFIED VOTERS OF THE
CITY OF FAIRBANKS THE QUESTION OF AMENDING CITY CHARTER
SECTION 6.5 TO EXEMPT ALCOHOLIC BEVERAGE TAX REVENUES IN
EXCESS OF \$2,000,000 FROM THE TAX CAP LIMITATIONS.**

WHEREAS, on October 3, 1989, City of Fairbanks voters incorporated a 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 6.5; and

WHEREAS, the majority of Fairbanks Emergency Communication Center, Fairbanks Police Department and Fairbanks Fire Department calls are in response to incidents involving alcohol; and

WHEREAS, all Emergency Service Patrol calls are to aid people suffering from inebriation; and

WHEREAS, a nationwide workforce shortage has put a high demand on public safety employees; and

WHEREAS, the City must recruit and retain qualified personnel to answer and respond to a steadily increasing call volume for alcohol-related incidences; and

WHEREAS, alcoholic beverage sales tax revenues have steadily increased in Fairbanks over the past five years; and

WHEREAS, the alcoholic beverage sales tax is subject to the tax cap, and raising taxes above this cap would require approval by qualified voters of the City of Fairbanks; and

WHEREAS, subject to appropriation, amending City Charter Section 6.5 to exempt alcoholic beverage tax revenues in excess of \$2,000,000 from the tax cap will allow for additional funding for critical public safety services while preserving the first \$2,000,000 of the alcoholic beverage tax to offset property taxes; and

WHEREAS, Section 14.1 of the City Charter requires a unanimous vote of the City Council to propose an amendment to the City Charter and, under state law at AS 29.10.100 and Section 14.6 of the City Charter, no amendment is effective unless and until it is ratified by 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 ratification by the qualified voters of the City of Fairbanks at the 2023 regular election:

Proposition B:

INFORMATION: The alcoholic beverage sales tax is subject to the City's tax cap. When sales tax revenues subject to the tax cap increase, property taxes decrease, thereby maintaining the tax cap. Revenue generated within the tax cap reduces property taxes and cannot be used for additional City services. Most public safety calls for service are in response to alcohol-related incidents. The call volume for these services has been steadily increasing in Fairbanks. Alcoholic beverage sales tax revenues have also steadily increased in Fairbanks over the past five years. Proposition B seeks to exempt annual alcoholic beverage sales tax revenue in excess of \$2,000,000 from the tax cap. The effect of the passage of Proposition B would be that the first \$2,000,000 collected in alcoholic beverage sales taxes would be used to offset property taxes, and any additional alcoholic beverages sales tax revenue collected would be subject to annual appropriation by the City Council, with the intent to support public safety services.

Should Fairbanks City Charter Section 6.5 be amended by adding new subsection D to read as follows?

D. Revenue generated from the alcoholic beverage sales tax levied by the City in excess of \$2,000,000 shall be exempt from the application of Section 6.5.A.

YES _____

NO _____

A "YES" vote amends Charter Section 6.5.

A "NO" vote defeats the amendment.

SECTION 2. This ordinance, passed by the City Council on the ____ day of August 2023, shall not become effective unless and until the question is approved by the voters of the City of Fairbanks.

David Pruhs, City Mayor

****Vote on the motion to ADVANCE****

AYES: Marney, Sprinkle, Tidwell
NAYS: Cleworth, Rogers, Ringstad, Pruhs
ABSENT: None
FAILED TO ADVANCE: July 24, 2023

ATTEST:

APPROVED AS TO FORM:

D. Danyielle Snider, MMC, City Clerk

Thomas Chard II, City Attorney