

Service Area Tax Cap

Presented by: Division of Rural Services



Overview



Understanding the Tax Cap

Why increase the Tax Cap?

Tax Cap reduction

Tax Cap Election: request/form/cost

How to have a successful Tax Cap Election

Tax Cap timeline

Understanding the Tax Cap



- The Borough and each Service Area operates under a Tax Cap (per Borough Code)
- The tax cap is a set dollar (\$) amount, not a mill rate

Understanding the Tax Cap



- The tax cap is adjusted each year for the following:
 - cost of living adjustment (Anchorage CPI-U)
 - new construction
 - boundary changes
- Increasing the tax cap requires a VOTE of the residents

Why Increase the Tax Cap?



- Is the current funding inadequate for regular maintenance needs?
 - a “healthy” service area spends approximately \$4,000 to \$6,000 per mile/per year on regular maintenance
- Are additional funds needed for major capital improvement projects?

Tax Cap Reduction



- In order to reduce the tax cap, the commission can recommend a lower tax cap as part of the annual budget process

Tax Cap Election Request



- **Have a Public Meeting**
 - **Include the tax cap increase in the agenda items for the meeting advertisement**
 - **Record minutes with vote of each individual commissioner**
 - **E.g. Commissioner Smith voted "Yes"**
Commissioner Jones voted "No"
 - **Submit the tax cap request form, meeting minutes and sign-in sheet by the deadline**

Tax Cap Election Request



- **Conduct a Survey of Residents**
 - Prepare a written survey, to include increased (\$) amount proposed and approximate mill rate equivalent
 - Mail or hand-carry to area residents

Tax Cap Election Request



- **Conduct a Survey of Residents** (cont.)
 - **Keep detailed tally of survey results returned (requires majority in favor)**
 - **Submit the tax cap request form, and a copy of survey response by the deadline**

Tax Cap Request Form



TAX CAP ELECTION REQUEST

The _____ Service Area is requesting inclusion in the spring election to increase the tax (revenue) cap. Please choose one of the following:

- The Service Area held a public meeting and attendees favored increasing the tax cap. Attached are meeting minutes and sign-in sheet.
- A survey of service area residents was conducted. Respondents favored increasing the tax cap. Attached is a copy of the survey and detailed results.

The Service Area would like to increase the current tax (revenue) cap by \$ _____

This would add *approximately* _____ mill(s) to the current mill rate.

New Service Area budget \$ _____

Approximate total (new) mill rate _____

How was the meeting advertised or the survey taken? _____

Tax Cap Request Form (cont.)



Please include the service area in the upcoming election.

Thank you,

→ _____ Date →

Commissioner signature

Date

→ _____ Date →

Commissioner signature

Date

→ _____ Date →

Commissioner signature

Date

Attachments: Service Area Public Meeting Minutes and Sign-in Sheet,
Or a copy of the Service Area Survey and the Survey Results

Return to:

Fairbanks North Star Borough – Division of Rural Services
520 Fifth Avenue, First Floor,
PO Box 71267
Fairbanks, AK 99707-1267



SERVICE AREAS NOT REQUESTING A TAX CAP ELECTION ARE NOT REQUIRED TO RETURN THIS FORM TO RURAL SERVICES

A Successful Tax Cap Election



How to have a Successful Tax Cap Election:

- **Educate and involve the residents within the service area using:**
 - **Newsletters**
 - **Flyers**
 - **Meetings**
 - **Surveys**

Tax Cap Timeline



- Letters mailed out in August 2018
- Tax Cap Election request returned by October 12, 2018
- Ordinance introduced to Assembly in January 2019 requesting participation in the election to vote on the increase
- Public Hearing on Ordinance in February 2019

Tax Cap Timeline (cont.)



- Tax Cap Elections 4th Tuesday in March (2019)
- Tax Cap Election Certification in April 2019
- Additional funds available to Service Areas July 1, 2019

Election Costs



- The Assembly passed Ordinance No. 2015-48 on September 10, 2015. (effective September 14, 2015)
- This ordinance amends FNSBC Chapter 2.12 and 14.01.071 relating to Service Area Elections

Election Costs (cont.)



FNSBC 2.12.110 Election expenses, Sec. 3, paragraph B, is amended as follows:

(B) Service area elections held at the request of a service area and for the primary benefit of the residents of that service area shall be paid for by the service area requesting the election. (This does not apply to service area elections held for establishing new service areas, annexation to existing service areas, or dissolving a service area)

Questions



THANK YOU!!

for being here, and for your
dedication to the Service Area

