

To Assembly Members  
From Heuman Fandel  
06-14-2004

# Fairbanks Assembly kills sales tax plan

■ **BOROUGH:** "We're kicking a dead horse here," assemblywoman says.

## The Associated Press

FAIRBANKS — A proposal for a sales tax for the Fairbanks North Star Borough was swiftly defeated this week when the measure failed to gain enough support to advance to a vote.

Had it passed the borough Assembly on Thursday, the sales tax would have been placed before voters in the October municipal election.

The proposal was put forward by Assemblyman Tim Beck. He introduced his proposal for a 5 percent boroughwide sales tax at the meeting, calling it a chance for the borough to relieve the burden on property-tax payers.

The measure was supposed to automatically advance to a future meeting for a vote. However, Assembly members Garry Hutchison and Bonnie Williams pulled the proposal off the agenda.

After several minutes of debate, five of the 10 Assembly members present voted to advance the proposal. The measure needed six votes for advancement.

Beck said he was disappointed that the rest of the Assembly members didn't at least allow time to debate the merits of his proposal.

The Assembly bypassed another opportunity to diversify its tax base, Beck said.

"Anyone else have any ideas on this body?" he said.

Assembly members who voted against advancement, however, argued that a sales tax had been sufficiently debated during several failed ballot initiatives.

"We're kicking a dead horse here," said Assemblywoman Cynthia Henry.

Williams added that the Assembly is adding new sources of revenue to the budget, pointing to the addition of an alcohol and tobacco tax in the budget for next fiscal year, which begins July 1.

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## **Borough budget contains many questionable items**

Borough Ordinance 2004-13 was introduced by Mayor Dale Bagley to raise the sales tax cap from its current ceiling of \$500 to \$1,000. This proposed tax increase is projected to generate an additional \$2,000,000 for borough government. However, there was no projection of how many jobs will be lost or how much revenue will be removed from the economy, due to this proposed tax increase.

At the May 18 borough assembly meeting it was inferred the public could have this increase in sales tax or a mill rate increase on property tax. Those were the only choices given. Instead of choosing which tax increase to adopt, perhaps we should take a closer look at where Mayor Bagley is proposing to spend our money.

The items below are in the proposed budget. This is only a partial list of questionable spending items: Kenai River Center, \$459,295; disaster relief fund, \$50,000; underground tank removal fund, \$12,550; Community and Economic Development Department (Cook Inlet Salmon Brand, Arctic Winter Games promotion, Taste of Kenai party, economic exchange trip to Japan, oil and gas delegation, miscellaneous parties and public events), \$603,299; Kenai Peninsula Tourism Marketing Council, \$142,500; senior citizen grants, \$398,322; CARTS (subsidized public transportation), \$50,000; Arctic Winter Games cash contribution, \$200,000; Washington, D.C., lobbyist, \$55,000; transportation-subsistence, \$346,482; in-state and out-of-state travel, \$55,000; car allowance, \$133,294; dues and subscriptions, \$96,779; for a grand total of \$2,602,521.

I encourage you to get a copy of the budget from the borough finance department and to find more questionable spending.

If you support these projects and feel that the proposed tax increases are justified, then you should say nothing.

However, if you would prefer to keep this money in your pocket, then make some noise!

Contact information for assembly members by phone or e-mail can be found on the Web at: <http://www.akvoters.org/KPBContact.htm>.

Will your voice or written comments make a difference? You won't know unless you try.

The budget and sales tax cap issues will have their final hearing on June 1. This may be the last opportunity to make your opinion known on this important issue.

As you know, Borough Mayor Dale Bagley introduced ordinance 2004-13 to raise the sales tax cap from the current \$500 maximum to \$1,000. This proposed increase would generate an additional \$2,000,000 for borough government.

At the May 18 borough assembly meeting it was inferred the public could have this increase in sales tax or a mill rate increase on property tax. Those were the only choices given. Before we choose which tax is most to our liking, please consider the following items included in the 2005 budget: Kenai River Center: \$459,295; Disaster Relief Fund: \$50,000; Underground tank removal fund: \$12,550; Community & Economic Development Department (Cook Inlet Salmon Brand, Arctic Winter Games promotion, Taste of Kenai Party, Economic Exchange trip to Japan, Hosting Oil & Gas Delegation, Misc. parties & public events): \$603,299; Kenai Peninsula Tourism Marketing Council: \$142,500; Senior Citizen Grants: \$398,322; CARTS (subsidized public transportation): \$50,000; Arctic Winter Games: \$200,000; DC Lobbyist: \$55,000; Transportation/Subsistence: \$346,482; In/Out of state travel: \$55,000; Car allowance: \$133,294; Dues/Subscriptions: \$96,779; for a grand total of: \$2,602,521

This is where our new tax dollars will be spent!!! All information came directly from the proposed 2005 budget. This is not a complete list of questionable spending items. Get a copy of the budget at the borough clerk's office and find your own questionable spending.

The Kenai Peninsula Borough, KPB only collects its sales tax from local businesses and not from those who export their business outside the KPB or who are exempt. KPB sales exporters pay little if any sales tax while still enjoying the same benefits which flow from this tax. These businesses save millions NOT paying KPB sales tax because they have found KPB 5.18.200 "sales tax loop-holes".  
KPB Sales Tax Exemptions / Waivers.  
<http://creationcenter.com/boards/sportfishalert1/messages/163.html>

There is a very long list of KPB businesses who do not wish to pay their fair share of this sales tax burden. KPB oil and gas industry exports \$2.1 billion annually, KPB commercial fish industry exports \$75,000,000 annually and the KPB ammonia and urea fertilizer industry exports \$315,000,000 annually. These businesses alone export sales over \$2 billion dollars annually. A 2% KPB export sales tax on \$ 2.39 billion dollars equals around 60 millions dollars. The entire proposed 2005 KPB budget is \$57.2 million!  
The KPB claims that it has increased costs of around 2 million dollars for 2005 .  
The KPB is claiming that the best way to generate 2 million dollars is to increase its current sales tax burden to those who are already paying it.  
It would seem only reasonable for the KPB to consider closing its sales tax loop holes "before" attempting to increase its sales tax for those already paying their fair share.

Reference:  
<http://creationcenter.com/boards/sportfishalert1/messages/161.html>