

ITA ANSWERS YOUR QUESTIONS:

Why Do We Need a Revenue Tax Cap?

The Revenue Cap is something that affects each and every person living in the Fairbanks North Star Borough. It is particularly important to property owners, as it allows only minimal yearly increases to property taxes.

1. I AM A RENTER - DOES IT MATTER TO ME?

Although renters believe that the Revenue Cap does not affect them, you must remember that when your landlord receives a major tax increase, that burden is passed on to you through increased rents.

2. IS IT WORKING? DIDN'T MY TAXES JUST GO UP?

Your property taxes **have** increased in the last 10 years! However, the majority of this increase has been due to VOTER APPROVED BOND ISSUES. The tax cap itself protects you **ONLY** against unwanted growth in government.

You, the taxpayers, have made the choice to increase your property taxes by voting for well over \$100 million in bond issues in recent years. i.e., new schools, renovations to schools, library expansion, etc. - the list goes on and on! **Your tax cap always allows your freedom of choice.** However, those choices come with a price tag - that being the cost of higher taxes.

3. THE BOROUGH MAYOR SAID HE LOWERED THE MILL RATE; IS THAT TRUE?

The current, Mayor Luke Hopkins, is taking credit for lowering the mill rate. Although (in an election year) he did manage to present a budget just under the tax cap, the mill rate actually came down due to the way ITA designed the cap - if the borough's assessed value goes up, the mill rate HAS to come down. Did your assessment go up this year? While Mayor Hopkins dislikes the tax cap, he uses it to his advantage at every opportunity. He brags that under his administration, our bond rating has been increased. That part is true, however it has increased due to our assets and our stable tax base - which is a function of the tax cap - rather than of any cuts made to borough spending by either Mayor Hopkins or the Assembly. In fact, as in every other year, borough spending has increased.

4. IS "BOROUGH SPENDING" REALLY A PROBLEM?

An example of how borough spending has the potential of getting totally out of control is the recent contract that Mayor Hopkins fought for and strongly encouraged the Borough Assembly to pass. This new contract would have applied to 56 of some of the highest paid people in the Borough. Present salaries for this particular group range from \$80,000 to well in excess of \$100,000 - with an additional 71% benefit package!

New Contract Provisions:

Retro pay from July 2011	4.3%
Retro pay from July 2012	3.2%
Total of increase	7.5% for that time period.

IN ADDITION, ADD TO THAT THE FOLLOWING:

- Longevity Pay. There are 20 steps to the longevity pay - each step is a year, and each year adds an additional 1.9% increase. This alone equates to an additional 38% over 20 years.
- On 7/1/2013 there is another increase between 1 and 1.8%. However, when you figure in the longevity too, the increase actually amounts to from 2.9% to 3.7% in the year 2013.
- On 7/1/2014 there is an additional 1% increase, but with longevity it is a 2.9% increase.

Summary: In the period from July 1, 2011 to July 1, 2014, they would have actually been getting approximately a 14% increase to their salaries.

But salaries are not the end of it! There is insurance, also. The Borough's cost per person is \$1800 per month, with a 90/10 contribution, meaning they only pay \$180 per month toward their own insurance. These employees also have 288 hours sick leave, (36 days) per year with 13 paid holidays. Just between their sick leave and paid holidays, they receive approximately 2 months of pay for no work. Unused sick leave is cashed out at the hourly rate that is in effect when the employee retires. In addition, their benefit package alone amounts to an additional 71% of their gross salary.

Below is a small sampling of some of the highest paid of the approximately 401 positions currently at the Borough. Many in this sampling would be covered under the new contract and the majority of the rest, as non-exempt employees, would receive the same benefits.

For the complete list, go to <http://interiortaxpayers.org>.

Job Title	Current Hire	Hourly Rate	Annual Salary	Retirement (Pers)	Health/ Life Insurance	Leave Cashin-Accrual Hours	Total Benefits	Total Salary & Benefits
Borough Attorney	1/22/1996	61.65	128,232	28,211	44,881	4,360	91,109	\$219,341
Chief Financial Officer	8/19/1998	57.94	120,515	26,513	42,180	4,098	85,626	\$206,141
Public Works Director	12/12/1988	57.94	120,515	26,513	42,180	4,098	85,626	\$206,141
Borough Clerk	2/28/1983	56.11	116,709	25,676	40,848	3,968	82,922	\$199,630
Human Resources Director	10/12/1998	54.70	113,776	25,031	39,822	3,868	80,838	\$194,614
Deputy Assessor	1/5/1971	54.22	112,778	24,811	39,472	3,834	80,128	\$192,906
Chief of Staff	3/1/2010	54.04	112,403	24,729	39,341	3,822	79,862	\$192,266
Chief Building Engineer	12/9/1991	53.00	110,240	24,253	38,584	3,748	78,326	\$188,566
Controllor	5/14/1986	52.00	108,160	23,795	37,856	3,677	76,848	\$185,008
Assistant Borough Attorney	8/23/1993	50.03	104,062	22,894	36,422	3,538	73,936	\$177,999
Borough Assessor	6/1/2005	49.84	103,667	22,807	36,284	3,525	73,656	\$177,323
Community Planning Director	4/26/1989	49.84	103,667	22,807	36,284	3,525	73,656	\$177,323
Land Management Director	1/11/1993	49.84	103,667	22,807	36,284	3,525	73,656	\$177,323

FY12 Salary Information as of May 1, 2012 ss/HR

The current Assembly rejected the contract because of the retroactive provisions. However, there are other problems such as longevity and health care contributions that need to be considered, along with the retroactive pay. We at ITA believe these three issues are critical. The Mayor insists longevity is mandatory to retain good employees. Note column 3: Apparently, lack of longevity has not been an issue!

THE PROPOSITIONS

Fairbanks City Proposition A: WASTEWATER TREATMENT PLANT UPGRADE LOANS

"Should City of Fairbanks Ordinance No. 5889, as Amended, be ratified?"

A "yes" vote ratifies Ordinance No. 5889, as Amended, which would authorize the Mayor to enter into agreements with the State of Alaska and Golden Heart Utilities to borrow up to \$4,625,600.00 at 1.5% interest to construct a sludge dewatering system at the Peger Road Wastewater Treatment Plant and to borrow up to \$650,623.00 at 1.5% interest for the clarifier system project at the Wastewater Treatment Plant, both loans to be paid in full by Golden Heart Utilities, and which would ratify the 2008 loan (current balance of \$637,830.00) for construction of the sodium hypochlorite system at the Wastewater Treatment Plant.

A "no" vote rejects Ordinance No. 5889, as Amended.

Yes No

ITA voted to endorse this city proposition because if it fails, water rates in the city will increase by 2.5%. If the measure passes, they will increase by only .05%.

FNSB Proposition 1: REVENUE CAP INITIATIVE

"Shall sections 3.08.141 and 3.08.142 of the Fairbanks North Star Borough Code of Ordinances be reenacted?" These sections will provide for limitations on the maximum allowable tax revenues for the Fairbanks North Star Borough. Under section 3.08.141 the borough will be able to levy or impose only the same amount of taxes for one fiscal year as the borough levied or imposed for the preceding year, except that the borough can increase the amount of taxes levied or imposed (a) to adjust for inflation; (b) to take into account new buildings and land coming onto the tax rolls; (c) make new payments on bonds; (d) pay for services approved by voters; (e) pay for new legal judgments entered against the borough; and to pay for expenses in emergencies.

Section 3.08.142 provides a formula and definitions for the limitations of section 3.08.141.

Yes No

This cap we vote on every two years has overwhelmingly passed every time since ITA first brought it to the voters in 1987, and has proven to help maintain a stable tax base respected by people on all sides. We urge you to once again vote "YES."

FNSB Proposition 2 COMPOSITION AND FORM OF THE FNSB ASSEMBLY

"Members of the Assembly shall be elected at large by voters throughout the Borough."

Yes No

We endorsed this as it is a "house cleaning" proposition required by the state every ten years.

FNSB Proposition 3 HOME HEATING INITIATIVE

A "yes" vote means the Borough would be prohibited from regulating, prohibiting, curtailing, or issuing fines or fees associated with the sale, distribution, or operation of heating appliances or any type of combustible fuel.

A "no" vote defeats the proposition.

Yes No

We urge a YES vote on this so that **you** have a right to decide how to heat your home, based on **what you can afford**, rather than being dictated to by the borough. A borough plan would require a new level of bureaucracy and enforcement powers for an area in excess of 7,000 square miles (larger than New Jersey). How many new jobs would this require? How many can we afford?

PLEASE VOTE YES FOR ALL PROPOSITIONS ON THE OCTOBER 2 BALLOT!

Not only is it important to keep the tax cap safe (by voting YES), but it is also important WHO we elect to public office.

ITA'S CHOICE OF CANDIDATES

In this economic turmoil of lost jobs, lower income, lack of benefits, and the high cost of utilities, we need those who will protect our future and our tax dollars by being fiscally conservative. Our choices for candidates are based on those who will guard and spend our money wisely rather than propagate runaway borough government such as we have recently been burdened with. And, as the recent contract issue has made us all aware, we need elected officials who will thoroughly research pending contracts and negotiate only what taxpayers can afford.

The differences between the candidates were very evident during our Candidate Forum this year. In no other year has the ITA membership vote been more definitively in favor of those who have shown fiscal responsibility. We therefore urge you to vote for the following candidates and propositions.

ITA urges you to vote Tuesday, October 2: **BOROUGH**

Borough Mayor: Norm Phillips
Assembly Seat A: Joe Blanchard II
Assembly Seat F: Gregg "Rocky" MacDonald
Assembly Seat G: Lance Roberts

CITY
City Council Seat A: Tim Sovde
City Council Seat B: Perry Walley

Please Vote **YES** for ALL PROPOSITIONS

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