

## Revenue Detail - Descriptions and Assumptions

### PROPERTY TAX

All taxable real property within the Borough is subject to ad valorem taxation, a tax based on value and which is secured by a lien on real property, unless exempted by Alaska State Statute or Borough Code. This levy supports general government services and education.

Tax Revenues for FY 2003 reflect an increase to cover ongoing expenses covered by fund balance in FY 2002 and other programmatic cost increases for FY 2003.

Additionally, there is also levied an ad valorem tax on real property located within the Borough boundaries but outside the cities of Fairbanks and North Pole. This non-areawide tax is specifically to fund Emergency Medical Services, Economic Development and Solid Waste Transfer Station bond debt payments.

In FY 1992, the Solid Waste Collection function was expanded to include the real property of the City of North Pole in addition to the real property in the Non-Areawide boundaries (the entire Borough area except the City of Fairbanks). In addition, the Borough levies and collects ad valorem taxes in specific Borough Service Areas. The ad valorem taxes levied by the cities of Fairbanks and North Pole are collected by the Borough and remitted directly to the levying city. These city taxes are not Borough revenues, thus are not reflected in this revenue detail.

### Assumptions Used - Assessed Value and Tax Limitation

The overall taxable assessed value of the Borough has increased approximately 4.7% for 2002 due mainly to new construction, and increase in market values. Pipeline related assessed value decreased for 2002

The FY 2003 budget reflects a 2% delinquency rate. A ten percent penalty is assessed against delinquent taxes and interest accrues at 8% annually.

The above factors are reflected in the current and delinquent property tax revenue projections and the projected penalty and interest revenues. Tax collections are projected to be in compliance with the tax limitation established by the voters. The tax limitation calculation for FY 2003 is found in Appendix D.

### HOTEL/MOTEL ROOM TAX

In October 1992, the Borough voters approved the levy of an 8% HOTEL/MOTEL ROOM TAX. It is the intent of the Borough to exempt from taxation those room rentals that are subject to another similar tax that is levied by a different jurisdiction. The City of Fairbanks levies an 8% tax; therefore, the Borough only collects hotel/motel taxes outside the City of Fairbanks.

The Borough implemented the tax on January 1, 1993. As of December 31, 2001, 73 businesses were registered and active, with 62 of the businesses being Bed & Breakfast establishments. Revenue is predominantly seasonal. Revenue estimates for FY 2003 are based on historical data.

**FY 2002-2003 Budget  
Fairbanks North Star Borough**

**Revenue Detail**

<b>REVENUE SOURCE</b>	<b>1999/00 Actual</b>	<b>2000/01 Actual</b>	<b>2001/02 Approved</b>	<b>2001/02 Revised</b>	<b>2002/03 Recommended</b>	<b>2002/03 Approved</b>
<b>LOCAL REVENUE</b>						
<b>LOCAL TAXES &amp; ASSESSMENTS</b>						
Total Taxable Levy			55,217,490	55,217,490	57,882,910	57,372,710
Less: Estimated Delinquent Taxes			(1,104,350)	(1,104,350)	(1,157,660)	(1,147,460)
Current Taxes	52,965,408	51,710,487	54,113,140	54,113,140	56,725,250	56,225,250
Delinquent Taxes	577,253	693,678	587,400	587,400	662,400	662,400
Interest & Penalties	444,881	642,489	426,800	426,800	476,800	476,800
<b>SUB-TOTAL</b>	<b>53,987,542</b>	<b>53,046,654</b>	<b>55,127,340</b>	<b>55,127,340</b>	<b>57,864,450</b>	<b>57,364,450</b>
<b>PROPERTY TAX - NON-AREAWIDE</b>						
Total Taxable Levy			1,340,020	1,340,020	1,419,230	1,410,560
Less: Est. Delinquent Taxes			(26,790)	(26,790)	(28,370)	(28,200)
Current Taxes	1,215,807	1,267,307	1,313,230	1,313,230	1,390,860	1,382,360
Delinquent Taxes	16,584	17,833	15,470	15,470	16,580	16,580
<b>SUB-TOTAL</b>	<b>1,232,391</b>	<b>1,285,140</b>	<b>1,328,700</b>	<b>1,328,700</b>	<b>1,407,440</b>	<b>1,398,940</b>
<b>PROPERTY TAX - SOLID WASTE COLLECTION</b>						
Total Taxable Levy			3,274,640	3,274,640	3,502,240	3,501,970
Less: Est. Delinquent Taxes			(65,490)	(65,490)	(70,040)	(70,030)
Current Taxes	3,085,164	3,093,911	3,209,150	3,209,150	3,432,200	3,431,940
Delinquent Taxes	37,231	42,260	34,500	34,500	35,900	35,900
<b>SUB-TOTAL</b>	<b>3,122,395</b>	<b>3,136,171</b>	<b>3,243,650</b>	<b>3,243,650</b>	<b>3,468,100</b>	<b>3,467,840</b>
<b>TOTAL PROPERTY TAXES:</b>	<b>58,342,328</b>	<b>57,467,965</b>	<b>59,699,690</b>	<b>59,699,690</b>	<b>62,739,990</b>	<b>62,231,230</b>
<b>HOTEL/MOTEL TAX</b>						
Hotel/Motel Tax - Pen & Int	812,682 (5,946)	1,121,650 5,892	1,074,000 5,000	1,074,000 5,000	1,125,000 5,000	1,125,000 5,000
<b>SUB-TOTAL</b>	<b>806,736</b>	<b>1,127,542</b>	<b>1,079,000</b>	<b>1,079,000</b>	<b>1,130,000</b>	<b>1,130,000</b>
<b>TOTAL LOCAL TAXES:</b>	<b>59,149,064</b>	<b>58,595,507</b>	<b>60,778,690</b>	<b>60,778,690</b>	<b>63,869,990</b>	<b>63,361,230</b>