

## 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 2006 reflect an increase to cover ongoing expenses covered by fund balance in FY 2005 and other programmatic cost increases for FY 2006.

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 and Economic Development.

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 and 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 10.1% for CY 2005 due mainly to new construction and increases in market values. Pipeline-related assessed value increased for CY 2005.

The FY 2006 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 2006 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 within the Borough. 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, 2004, 58 businesses were registered and active, with 41 of the businesses being bed & breakfast establishments. Revenue is predominantly seasonal. Revenue estimates for FY 2006 are based on historical data.

### ALCOHOLIC BEVERAGE SALES TAX

In October 2003, the Borough voters approved the levy of a 5% Alcoholic Beverage Sales Tax. It is the intent of the Borough to exempt from taxation those sales that are subject to a similar tax that is levied by a different jurisdiction within the Borough. The City of Fairbanks levies a 5% tax; therefore, the Borough will only collect taxes outside the City of Fairbanks. As the City of North Pole levies a 4% sales tax, the Borough would collect an additional 1% sales tax on alcoholic beverage sales within North Pole's boundaries. The Borough implemented the tax on July 1, 2004, and revenue estimates for FY 2006 are based on FY 2005 data.

### TOBACCO DISTRIBUTION EXCISE TAX

In April 2004, the Borough Assembly approved the levy of an 8% Tobacco Distribution Excise Tax. It is the intent of the Borough Assembly that the revenue received from an areawide Tobacco Distribution Excise Tax will reduce the assessed tax revenue derived from real property taxes thereby contributing to a diversified tax base. The Borough implemented the tax on July 1, 2004, and revenue estimates for FY 2006 are based on FY 2005 data.

FY 2005-2006 Budget  
Fairbanks North Star Borough

**Revenue Detail**

REVENUE SOURCE	2002/03 Actual	2003/04 Actual	2004/05 Approved	2004/05 Revised	2005/06 Recommended	2005/06 Approved
<b>LOCAL REVENUE</b>						
<b>LOCAL TAXES &amp; ASSESSMENTS</b>						
Total Taxable Levy			65,287,850	65,287,850	70,150,550	69,494,940
Less: Estimated Delinquent Taxes			(1,305,770)	(1,305,770)	(1,403,020)	(1,389,910)
Current Taxes	56,643,450	60,228,158	63,982,080	63,982,080	68,747,530	68,105,030
Delinquent Taxes	628,933	750,117	662,400	662,400	662,400	662,400
Interest & Penalties	545,933	1,060,651	545,000	545,000	545,000	545,000
<b>SUB-TOTAL</b>	<b>57,818,316</b>	<b>62,038,926</b>	<b>65,189,480</b>	<b>65,189,480</b>	<b>69,954,930</b>	<b>69,312,430</b>
<b>PROPERTY TAX - NON-AREAWIDE</b>						
Total Taxable Levy			1,343,870	1,343,870	1,453,810	1,450,510
Less: Estimated Delinquent Taxes			(26,870)	(26,870)	(29,070)	(29,000)
Current Taxes	1,400,792	1,483,809	1,317,000	1,317,000	1,424,740	1,421,510
Delinquent Taxes	15,909	17,420	16,580	16,580	16,580	16,580
<b>SUB-TOTAL</b>	<b>1,416,701</b>	<b>1,501,229</b>	<b>1,333,580</b>	<b>1,333,580</b>	<b>1,441,320</b>	<b>1,438,090</b>
<b>PROPERTY TAX - SOLID WASTE COLLECTION</b>						
Total Taxable Levy			3,967,790	3,967,790	4,284,250	4,275,330
Less: Estimated Delinquent Taxes			(79,340)	(79,340)	(85,670)	(85,490)
Current Taxes	3,462,088	3,674,265	3,888,450	3,888,450	4,198,580	4,189,840
Delinquent Taxes	37,554	38,817	35,900	35,900	35,900	35,900
<b>SUB-TOTAL</b>	<b>3,499,642</b>	<b>3,713,082</b>	<b>3,924,350</b>	<b>3,924,350</b>	<b>4,234,480</b>	<b>4,225,740</b>
<b>TOTAL PROPERTY TAXES:</b>	<b>62,734,659</b>	<b>67,253,237</b>	<b>70,447,410</b>	<b>70,447,410</b>	<b>75,630,730</b>	<b>74,976,260</b>
<b>ALCOHOLIC BEVERAGE SALES TAX</b>			800,000	800,000	1,200,000	1,200,000
Alcoholic Beverage Tax - Pen. & Int.	-	-	2,500	2,500	2,500	2,500
<b>SUB-TOTAL</b>	<b>-</b>	<b>-</b>	<b>802,500</b>	<b>802,500</b>	<b>1,202,500</b>	<b>1,202,500</b>
<b>TOBACCO DISTRIBUTION EXCISE TAX</b>			1,100,000	1,100,000	1,100,000	1,100,000
Penalties & Interest	-	-	-	-	-	-
<b>SUB-TOTAL</b>	<b>-</b>	<b>-</b>	<b>1,100,000</b>	<b>1,100,000</b>	<b>1,100,000</b>	<b>1,100,000</b>
<b>HOTEL/MOTEL TAX</b>	689,894	1,492,280	1,400,000	1,400,000	1,500,000	1,600,000
Hotel/Motel Tax - Pen & Int	-	16,133	2,500	2,500	2,500	2,500
<b>SUB-TOTAL</b>	<b>689,894</b>	<b>1,508,413</b>	<b>1,402,500</b>	<b>1,402,500</b>	<b>1,502,500</b>	<b>1,602,500</b>
<b>TOTAL LOCAL TAXES:</b>	<b>63,424,553</b>	<b>68,761,650</b>	<b>73,752,410</b>	<b>73,752,410</b>	<b>79,435,730</b>	<b>78,881,260</b>