

**Proposed Amendment to the City Charter Tax Cap
Providing that any new or additional sales tax proceeds must be used to reduce the City
base 4.9 mill levy to 0 mills before any other use**

Shall the City Charter be amended as follows, (new text **underlined and bold**).

Sec. 6.5. Total amount of city tax that can be levied.

A. Except as provided in this section, the total amount of municipal tax that can be levied during a fiscal year shall not exceed the total amount approved by the city council for the preceding year by more than a percentage determined by adding the percentage increase in the Federal Consumer Price Index for Anchorage from the preceding fiscal year. Of the total amount of taxes that can be collected, property taxes are limited by a maximum **base** mill levy of 4.9 mills subject to Charter Section 6.5(B). Any new or additional sales tax levied, other than hotel/motel, alcohol, and tobacco, must be approved by the voters in a general election, **and the proceeds of any new or additional sales tax must be applied in the following fiscal year to reduce the city 4.9 base mill levy to 0 mills before any other use of the proceeds is allowed.**

B. The limitations set forth above in subsection A. of this section do not apply to the following:

1. Taxes on new construction or property improvements which occur during the current tax assessment year.
2. Any appropriation made to pay or secure payment of principal and/or interest on bonds.
3. Taxes required to fund additional services authorized by voter approved ballot issues.
4. Funding of new judgments entered against the City of Fairbanks.
5. Special appropriations necessary on an emergency basis to fund unavoidable expenses insuring the public peace, health or safety.
6. Any taxes approved by the voters.

C. Increases in the hotel/motel tax levied by the city above the 1999 level shall be exempt from the application of Section 6.5.