



INFORMATION REGARDING THE KETCHIKAN GATEWAY BOROUGH REGULAR ELECTION TO BE HELD OCTOBER 4, 2016

Prepared and paid for by the Ketchikan Gateway Borough, 1900 First Avenue, Ketchikan, Alaska 99901

INTRODUCTION

On Tuesday, October 4, 2016, Borough voters will have the opportunity to vote on candidates for Borough Mayor, two Assembly Members, and two School Board Members, and two ballot propositions. Borough voters who live within the boundaries of the City of Ketchikan or City of Saxman will vote on additional races. A sample Borough ballot is provided below. Borough staff prepared this pamphlet to provide general information about the upcoming Borough election and to help explain the Borough ballot propositions.

GENERAL INFORMATION ABOUT VOTING

The Regular Borough Election is Tuesday, October 4, 2016. Polls will open at 7:00 a.m. and close at 8:00 p.m. Polling place information is listed on the cover of this pamphlet.



Application for Absentee Ballot: Any qualified voter may vote an absentee ballot in person, by mail, by fax, or by personal representative for special needs voting. Application forms for absentee ballots are available at the Borough Clerk's Office, 1900 First Avenue, Suite 115, Ketchikan, Alaska 99901 or may be downloaded from the Borough's website: www.kgbak.us/elections

Applications for absentee ballots must be submitted to the Borough Clerk's Office. Applications for absentee by-mail ballots must be postmarked no later than seven days prior to the election. Applications for electronic absentee ballots must be submitted no later than the day immediately preceding the election. A person may vote an absentee ballot in person at the Borough Clerk's office during normal business hours beginning at 8:00 a.m., Monday, September 19, 2016, and ending at 5:00 p.m., Monday, October 3, 2016.

SAMPLE BALLOT TO BE SUBMITTED TO THE DULY QUALIFIED VOTERS OF THE KETCHIKAN GATEWAY BOROUGH

All Borough voters will have the opportunity to vote on candidates for the positions of Borough Mayor, Borough Assembly, and Borough School Board. This year, there is one seat open for Mayor, two seats open for Assembly and two seats open for School Board. The positions are for a term of three years.

OFFICIAL BALLOT KETCHIKAN GATEWAY BOROUGH REGULAR BOROUGH ELECTION TUESDAY, OCTOBER 4, 2016	
Completely fill in the oval opposite the name of each candidate or choice for which you wish to vote.	
BOROUGH MAYOR (3-year term) Vote for not more than one (1)	PROPOSITION NO. 1 CIGARETTE AND TOBACCO PRODUCT EXCISE TAX
David Landis <input type="checkbox"/>	Shall the provisions of Ordinance 1789A, which establishes an excise tax on cigarettes and other tobacco products, be ratified? YES <input type="checkbox"/> NO <input type="checkbox"/>
Write-in <input type="checkbox"/>	
BOROUGH ASSEMBLY MEMBER (3-year term) Vote for not more than two (2)	PROPOSITION NO. 2 5 YEAR EXTENSION OF SCHOOL CAPITAL PROJECTS SALES TAX
Keith Smith <input type="checkbox"/>	Shall the general sales tax of one half of one percent (1/2 %), dedicated to bondable school capital projects and insurance on school buildings and facilities, which was approved by the Assembly by Ordinance 1303 on March 22, 2004, ratified by the voters June 8, 2004, and which expires January 1, 2022, be extended until January 1, 2027? YES <input type="checkbox"/> NO <input type="checkbox"/>
Judith L. McQuerry <input type="checkbox"/>	
Susan Pickrell <input type="checkbox"/>	
David Timmerman <input type="checkbox"/>	
Rodney Dial <input type="checkbox"/>	
Write-in <input type="checkbox"/>	
SCHOOL BOARD MEMBER (3-year term) Vote for not more than two (2)	
Trevor Shaw <input type="checkbox"/>	
Conan Matthew Steele <input type="checkbox"/>	
Kim Hodne <input type="checkbox"/>	
Write-in <input type="checkbox"/>	
Write-in <input type="checkbox"/>	

BALLOT PROPOSITIONS

This year, Borough voters will have the opportunity to vote on two ballot propositions as outlined below.

Proposition 1 – Cigarette and Tobacco Product Excise Tax

Why is this proposition on the ballot?

On April 4, 2016, the Ketchikan Gateway Borough Assembly adopted Ordinance 1789-Amended, which established an excise tax on cigarettes and other tobacco products. The excise tax is conditioned upon voter ratification.

Net proceeds of the tax, including penalties, interest, and costs recovered, would be distributed as follows:

- 15 percent may only be appropriated by the Assembly for purposes of smoking and other tobacco cessation programs, tobacco cessation education, and/or tobacco-related healthcare purposes.
- 85 percent shall be deposited in the Schools Reserve Fund.

PROPOSITION 1	
CIGARETTE AND TOBACCO PRODUCT EXCISE TAX	
Shall the provisions of Ordinance 1789-A, which establishes an excise tax on cigarettes and other tobacco products, be ratified?	
YES	<input type="radio"/>
NO	<input type="radio"/>

If this proposition passes, what will be the effects on Borough taxpayers and citizens?

If Proposition 1 passes, the Borough would levy an excise tax of 100 mills (\$2 per pack of 20 cigarettes) on each cigarette brought into the Ketchikan Gateway Borough beginning January 1, 2017. An excise tax of 50 percent of the wholesale price would also be levied on tobacco products other than cigarettes that are brought into the Ketchikan Gateway Borough. The excise tax on cigarettes and tobacco products would be levied at the wholesale level, not at the point of sale. This excise tax is separate from the Borough sales tax of 2.5 percent paid by consumers on non-exempt retail sales of cigarettes and tobacco.

It's estimated the tax would generate approximately \$800,000 in net revenue annually. Of that, \$680,000 (85 percent) would be deposited in the Schools Reserve Fund and \$120,000 (15 percent) would be restricted to appropriations for smoking or other tobacco cessation programs, tobacco cessation education, and/or tobacco-related healthcare purposes.

The Schools Reserve Fund is used to make Borough cash contributions to Ketchikan Gateway Borough School District operations. In the current year, those cash contributions will total \$8,196,550.*

If this proposition fails, what will be the effects on Borough taxpayers and citizens?

* The \$8,196,550 is a cash contribution to be used at the discretion of the School Board. The figure does not include additional Borough appropriations of \$3,666,414 for school-related debt service, \$400,000 for major maintenance of schools, and \$225,156 in Borough General Fund appropriations for contractual services to the District.

Should Proposition 1 fail, the Borough would not collect an excise tax on cigarettes and other tobacco products. These products would continue to be subject to the current Borough sales tax rate of 2.5 percent.

The Schools Reserve Fund would forgo an estimated annual revenue stream of \$680,000. Additionally, there would be no tobacco excise tax proceeds (estimated at \$120,000 if the tax is implemented) for smoking or other tobacco cessation programs, tobacco cessation education, and/or tobacco-related healthcare purposes.

Proposition 2 – Five-Year Extension of School Capital Projects Sales Tax

Why is this proposition on the ballot?

<u>PROPOSITION NO. 2</u>	
5-YEAR EXTENSION OF SCHOOL CAPITAL PROJECTS SALES TAX	
Shall the general sales tax of one half of one percent (1/2%), dedicated to bondable school capital projects and insurance on school buildings and facilities, which was approved by the Assembly by Ordinance 1303 on March 22, 2004, ratified by the voters June 8, 2004, and which expires January 1, 2022, be extended until January 1, 2027?	
YES	<input type="radio"/>
NO	<input type="radio"/>

On July 5, 2016, the Ketchikan Gateway Borough Assembly adopted Ordinance 1803, extending the ½ percent sales tax for educational facilities capital projects for five additional years to January 1, 2027, and placing the question on the ballot for the October 4, 2016 Regular Election.

The ½ percent sales tax for school capital projects was enacted upon voter ratification of Ordinance 1303 through a special election on June 8, 2004. Ordinance 1303 stipulates that the tax expires on January 1, 2022.

The ½ percent sales tax is being used to pay off \$23,178,000 in school bonds, to fund major maintenance of school facilities, and to pay for insurance on school buildings.

The Borough owns 498,676 square feet of school-related buildings and facilities. The Borough and School District are charged with maintaining the facilities, and the Borough is charged with funding the major maintenance needs.

The School District's FY 2018 Six-Year CIP Plan has identified an additional \$13,125,636 in major maintenance needs between FY 2018 and FY 2023. Previously, the State paid the majority of the debt service costs for school bond debt. The Alaska Legislature has suspended the State's debt participation program for newly issued school facility debt until FY 2021. If the Borough issues debt before 2021, the entire debt burden must be paid from local sources. If debt is issued after the reinstatement of the program, it may be reimbursed at reduced rates.

Additionally, on June 29, 2016, Governor Walker's vetoes included reduced school debt reimbursement to municipalities by 25 percent, which resulted in a loss of \$672,862 in the Borough's School Bond CIP Fund in FY 2017. If the 25 percent reduction in bond debt reimbursement continues in future years, the payments required from the School CIP fund to meet bond payment obligations will reduce the funds available to make bond payments and implement the District's FY 2018 Six-Year CIP Plan. Should the dedicated ½% sales tax not be extended, the School Bond CIP Fund is estimated to run out of funds prior to retiring existing school bond debt. Borough voters have pledged the full faith and credit of the Borough to pay the school bonds. Thus, if the School

Bond CIP Fund runs out of money, the Borough must generate funds from other sources to pay the principal and interest on the bonds.

If this proposition passes, what will be the effects to Borough taxpayers and citizens?

Should Proposition 2 pass, the ½ percent sales tax for the School Bond CIP Fund would be extended an additional five years from January 1, 2022 to January 1, 2027. Revenue from the ½ percent sales tax generated an average of \$1,606,060 in annual receipts between FY 2005 and FY 2015. The extension is expected to allow existing school bonds to be paid off before the dedicated sales tax expires.

If this proposition fails, what will be the effects to Borough taxpayers and citizens?

Should Proposition 2 fail, existing and future school bond debt must be paid from some other revenue source. FY 2017 school bond debt payments are the equivalent to a 2.9 mill areawide property tax levy. The Alaska Department of Education’s bond debt reimbursement program reduces the local burden to the equivalent of 1.4 mills in property tax. In order to make up for the projected deficit in the School Bond CIP Fund, the Assembly may choose to raise property taxes or other taxes; reduce education funding, capital projects or Borough services; or some combination of those alternatives.



Borough Precinct Locations and Descriptions

There are seven voting precincts in the Ketchikan Gateway Borough. Information regarding precinct boundaries is available at the Borough Clerk’s Office. The polling places for the Regular Borough Election of October 4, 2016 are as follows:

Ketchikan No. 1	Gateway Recreation Center	601 Schoenbar Road
Ketchikan No. 2	The Plaza	2417 Tongass Avenue
Ketchikan No. 3	AMHS Ferry Terminal	3501 Tongass Avenue
North Tongass No. 1	North Tongass Fire Station No. 6	7550 N. Tongass Highway
North Tongass No. 2	North Tongass Fire Station No. 8	13110 N. Tongass Highway
Saxman	Saxman Community Center	2841 South Tongass Highway
South Tongass	Fawn Mountain Elementary School	400 Old Homestead Road