

AT ISSUE: \$6.4 MILLION ANNUALLY

Current Annual Penalty Imposed on KGB in Terms of State Education Aid	\$5,259,305	
Automatic "Formula-Driven" <u>Increase</u> in Penalty to Take Effect 7/1/2010	\$126,524	
Subtotal: State Education Aid Penalty to be Borne By KGB as of 7/1/2010		\$5,385,829
Current Annual "Subsidy" Dep't Of Ed. & Early Dev. Claims is Given to KGB Under "50% Rule"	\$915,009	
Additional Annual <u>Increase</u> in Penalty KGB Would Bear as of 7/1/2010 if 50% Rule were Repealed	\$126,524	
Subtotal: Annual Effect of 50% Rule in Lowering Penalties		\$1,041,533
Total		\$6,427,362

WHAT \$6.4 MILLION ANNUALLY WOULD FUND

✓ Elimination of Borough's Personal Property Tax	\$425,574	
✓ 34,813-Square Foot Aquatic Center	\$1,157,655 ¹	
✓ Free Airport Ferry Service for Walk-On Passengers	\$805,500 ²	
✓ Purchase White Cliff	\$561,324 ³	
✓ Fund Schools to the "Cap" ⁴	\$612,944	
✓ 24.5% Reduction in Borough's Areawide Real Property Tax Levy ⁵	\$1,822,832	
Subtotal		\$5,385,829
✓ Additional 14% Reduction in Borough's Areawide Real Property Tax Levy		\$1,041,533
Total		\$6,427,362

¹ \$23.5 million @ 3.8% interest for 29 years, less 14.318% State share.

² Estimate based on 179,000 passengers, 80% of whom pay a \$5 one-way fare and the remaining 20% pay a \$5 round-trip fare.

³ \$9.475 million @4.2% interest for 30 years.

⁴ The Borough has consistently ranked among those local governments that contribute most to their schools. This year, the Borough will contribute \$9.5 million for schools which is 94% of the \$10,112,944 maximum allowed by law. The \$9.5 million does not include many "in kind" contributions.

⁵ The Borough's areawide levy is presently the lowest among all boroughs in Alaska.

