Voter Information
October 6, 2009 Municipal Election

Proposition 1:
Authorizing $11.8 Million in General Obligation Bonds For Gastineau School Renovation

Proposition 2:
Increasing the Excise Tax on Tobacco Products
Proposition 1 - Authorizing $11.8 Million in General Obligation Bonds For Gastineau School Renovation

What is the purpose of Proposition 1?

If voters approve Proposition 1, $11.8 million in general obligation bonds will be issued and the funds will be used to perform significant renovations at Gastineau Elementary School. Renovations include, but are not limited to, code upgrades, energy efficiency upgrades, ADA upgrades, renovation of portions of the building to provide a larger capacity kitchen, small learning spaces, and other programmatic improvements.

Why improve Gastineau School?

Gastineau School was constructed in 1956. Over the years renovation and addition projects have been completed including a classroom wing addition in 1965, a multipurpose room and covered play area addition in 1990, and roofing and exterior window renovations in recent years. However, the original school building and mechanical and electrical systems are over 50 years old and have significant renovation needs. The proposed renovation is the top priority of the Juneau School District, and would allow the Gastineau Elementary School to perform at the same educational level as the recently renovated Glacier Valley and Harborview Elementary Schools.

How does the State of Alaska reimburse cities for school projects, and what will happen if there is no funding?

This school project qualifies for 70% State reimbursement under the State’s School Construction Bond Debt Reimbursement Program. The funding for the State’s reimbursement program is subject to annual appropriation. Lawmakers have fully funded the program for over 15 years, although there is no guarantee they will continue to do so. The City and Borough of Juneau is responsible for the full payment of the debt on the bonds, regardless of whether the Legislature assists with a 70% share.

If Proposition 1 is approved, how will it affect property taxes?

If voters approve Proposition 1, the CBJ estimates that the total debt service on the general obligation bonds, assuming an interest rate of 4.5%, will be $450,000 annually. This amount of debt service would require an annual tax levy of approximately $12 per $100,000 of assessed value for each of the next ten years.

These calculations assume the state reimburses the City and Borough of Juneau for 70% of the annual debt service for each of the ten years of debt payment.

The actual mill levy will vary depending upon total assessed property values and annual appropriations for the State’s School Construction Bond Debt Reimbursement Program.
Proposition 2 – Increasing the Excise Tax Rate on Tobacco Products

How does Juneau’s current tobacco excise tax rates compare with the taxes levied in other Alaska cities?

<table>
<thead>
<tr>
<th>Alaska Cities with an Excise Tax</th>
<th>Cigarettes</th>
<th>Other Tobacco Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>Rate</td>
<td>State (flat rate per pack)</td>
</tr>
<tr>
<td>Juneau</td>
<td>$0.30</td>
<td>$2.00</td>
</tr>
<tr>
<td>Anchorage</td>
<td>$1.30</td>
<td></td>
</tr>
<tr>
<td>Mat-Su</td>
<td>$1.00</td>
<td></td>
</tr>
<tr>
<td>Fairbanks</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Sitka</td>
<td>$1.00</td>
<td></td>
</tr>
</tbody>
</table>

Note: CBJ also collects sales taxes on the sale of tobacco products.

What is the rate being proposed?

Proposition 2 asks voters to approve an increase in the excise tax rates on cigarettes and other tobacco products. The CBJ levies two different tobacco excise taxes; a flat dollar amount on packages of cigarettes and a percentage amount on the wholesale price of other tobacco products. If this proposition is approved, the excise tax rates would increase from:

- $0.30 to $1.00 per pack of cigarettes; and
- 12% to 45% on the wholesale price of other tobacco products.

Excise taxes are collected from the wholesaler/retailer importing the tobacco products into the borough. Other tobacco products include but are not limited to cigars, cheroot, stogie, perique, snuff and snuff flour, smoking tobacco, and chewing tobacco not prescribed by a licensed physician.

How would this proposition affect CBJ tax revenues?

The CBJ collects approximately $520,000 annually with the current excise taxes on tobacco products. The majority (86%) of this revenue comes from the sale of cigarettes. If Proposition 2 is approved by the voters, and assuming no change in the demand for tobacco products, the CBJ would expect to collect an additional $1,250,000 annually.

How will the additional revenues be spent?

It is the intent of the Assembly to continue to spend the proceeds of this tax on health and social service needs related to substance abuse and tobacco use prevention and cessation. Some of the increased revenue may replace existing sales or property taxes currently used for those purposes.
The polls will be open Tuesday, October 6th, from 7:00 a.m. to 8:00 p.m.

If you don't know which precinct you are in, call the State Of Alaska Polling Place Locator at 888-383-8683
If you have questions regarding absentee or early voting, please contact the Municipal Clerk's Office at 586-5278.