

Kenai Peninsula Borough Assembly

MEMORANDUM

TO: Wayne Ogle, Assembly President
Kenai Peninsula Borough Assembly Members

FROM: Kenn Carpenter, Assembly Member
Charlie Pierce, Borough Mayor *ch (M) for K.C.*

DATE: June 20, 2019

RE: Ordinance 2019-15, Amending KPB 5.18.430 to Increase the Maximum Amount of a Sale Subject to the Borough Sales Tax to \$1,000, Except for Residential Rentals, Subject to Voter Approval (Carpenter, Mayor)

This ordinance would ask the voters to approve an increase in the sales tax cap to \$1,000 except for residential rentals, which would remain capped at \$500. Unlike the temporary lodging tax, this would be a broad-based tax that does not target one segment of an industry, placing an unfair burden on that segment. Increasing the maximum to \$1,000 would apply throughout the borough, having a much smaller impact on individual sales. At most, this would increase borough sales tax by up to \$15 for purchases over \$500.

Because affordable housing is so important and applying this increase to residential rentals could raise the borough tax on rentals up to \$30 per month, in addition to city taxes for rentals in the cities, we propose that the \$500 cap remain in place for those rentals. Further, the \$1,000 cap would be less than one-third of today's value of the original \$500 cap put in place in 1965.

The Finance Department will provide the estimates for the amount of annual revenue this increase would generate to the borough. The ordinance is being submitted with blanks as this information was not available prior to the packet deadline.

Your favorable consideration would be appreciated.