
Subject: FW: <EXTERNAL-SENDER>KPB Resolution 2024-029

From: Duane Bannock <Duane@uptownmotel.com>

Sent: Sunday, June 16, 2024 12:16 PM

To: Hibbert, Brent <bhibbert@kpb.us>; Tunseth, Ryan <rtunseth@kpb.us>; Ribbens, Peter <pribbens@kpb.us>; Cox, Tyson <tysoncox@kpb.us>; Elam, Bill <belam@kpb.us>; Ecklund, Cindy <CEcklund@kpb.us>; Johnson, Brent <bjohnson@kpb.us>; Cooper, Kelly <kcooper@kpb.us>; Tupper, Mike <MTupper@kpb.us>

Cc: G_Notify_AssemblyClerk <G_Notify_AssemblyClerk@kpb.us>; Mayor Peter Micciche <pmicciche@kpb.us>; Mayor's Department <MayorDepartmental@kpb.us>

Subject: <EXTERNAL-SENDER>KPB Resolution 2024-029

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Kenai Peninsula Borough Assembly
144 N Binkley St
Soldotna, AK 99669

Via email

RE: Resolution 2024-029

Dear Assembly Members:

Considering the timing of this Resolution being scheduled for your next Assembly Meeting and noting this Resolution will directly affect those of us in the hospitality industry, please consider our two immediate requests on Resolution 2024-029:

1. Please postpone ALL action until after the 2024 Summer Season (*later than July 9, 2024 being proposed in the substitute memo*). This time of year all hospitality industry professionals are concentrating on maximizing our limited earning-time potential with visitors and guests. The KPBA is 60 years old; missing the 2024 election cycle will NOT have long-term negative financial impacts on the Borough's finances.
2. Prior to passage of any Resolution calling for ballot language, please be willing to present the actual *Draft of the proposed Ordinance. Resolution 2024-029 suggests this to happen *post passage*. We do not concur with a policy that may be materially different than general and undefined language presented to voters, such as is proposed in Section 2. of the Resolution.

Specifically: the reference to Definitions. Who/What/When/Where will this tax be implemented and enforced?

The Uptown Motel is likely willing to work with the Borough Assembly & Borough Administration to craft a plan that is reasonable to all concerned; including scheduled work sessions that may include stakeholders including cities, but especially the entities charged with tax collection and remittance.

Thank you for your prompt attention to this important matter.

Duane Bannock
General Manager
907 398 2316

47 Spur View Drive | Kenai, Alaska | 99611

Subject: FW: KPB Resolution 2024-029

From: Cox, Tyson <tysoncox@kpb.us>
Sent: Sunday, June 16, 2024 7:29 PM
To: Turner, Michele <MicheleTurner@kpb.us>
Subject: Fwd: KPB Resolution 2024-029

Michele,

Please forward to the entire Assembly the following response I made regarding Mr. Bannock's letter stating his concerns with Reso 2024-029. It may help with question they have received from constituents. Thx Tyson

Begin forwarded message:

From: "Cox, Tyson" <tysoncox@kpb.us>
Date: June 16, 2024 at 7:23:38 PM AKDT
To: Duane Bannock <Duane@uptownmotel.com>
Cc: "Hibbert, Brent" <bhibbert@kpb.us>, Mayor Peter Micciche <pmicciche@kpb.us>
Subject: **Re: KPB Resolution 2024-029**

Mr. Bannock & the Uptown Motel ownership:

Thank you for your letter and comments concerning Resolution 2024-029. We all appreciate when the public expresses concern over an action the Assembly is considering. My responses to your immediate concerns are below.

1. Postponing all action until after the 2024 Summer Season.

This resolution only asks the Assembly if the question of a lodging tax should be on the ballot for residents to vote on. The ordinance to follow a possible "yes" vote would be where we would want input from our local short-term lodging businesses to help us structure the implementation of such a tax. The ordinance would come together in late fall or winter of 2024, during the off-season for hospitality industry professionals.

2. Presenting an ordinance before voting on Resolution 2024-029.

When Mr. Hibbert and myself began this discussion of lodging tax, it was in the form of an ordinance with the exact code amendments and ballot language within the text. As things progressed it was suggested by the administration, specifically the finance department

working with the legal department, that this be done in a new chapter to make the code clearer and the process easier for businesses to administer. We decided to bring forward Resolution 2024-029 with the idea that a new chapter would be written if passed by the voters.

As soon as Resolution 2024-029 was added to the June 18th agenda, we were contacted by borough cities who had some “friendly” amendments to address suggested wording changes clarifying to the public that cities are not being required or given permission by the borough to levy a lodging tax of their own. We agreed this should be corrected. It was also discussed, as you have mentioned as well, that more detail in the ballot question should be added. This is why the ballot question in Substitute Resolution 2024-029 is much more specific.

With the specificity of the proposition in this substitute, if passed by the voters, the new chapter of code must be written to:

- Apply to accommodations of less than 30 days;
- Remove the current 3 percent borough general sales tax from short-term accommodation and overnight camping rentals;
- Establish a borough lodging tax of up to 12 percent on short-term accommodation and overnight camping rentals with no daily sales cap of \$500;
- Exempt up to one-half of the borough’s lodging tax in an amount equal to a similar city tax on these rentals with the intent of helping to level the temporary lodging rates inside and outside of the cities in the borough;
- Become effective January 1, 2026.

The letter I’m responding to also asks “Who/What/When/Where will this tax be implemented and enforced?”

Who? - Accommodations of less than 30 days, including overnight camping rentals.

What? - 12% lodging tax with no \$500 cap.

When? - Effective January 1, 2026.

Where? - The entire borough, within and outside cities. Exemptions apply in cities up to 1/2 the borough's lodging tax (up to 6%).

As far as the definitions of "Short-term rental accommodation" and "Overnight camping facilities", we do have working definitions that may be discussed and could be added to the resolution. In the original ordinance, the following definitions were included in the ballot measure:

"Short-term rental accommodation" - a service to provide any structure or portion of a structure, permanent or temporary, fixed or mobile, in which a person, for money or other consideration, may obtain lodging, dwelling, or sleeping accommodations for less than one month.

"Overnight camping facilities" - places used for temporary overnight stays including campgrounds and places providing spaces for recreational vehicles, caravans, trailers, other vehicles, tents, or other items used for overnight shelter

The willingness of the Uptown Motel to work with the Borough Assembly and Administration is appreciated. My hope is that, if the ballot measure passes and a new

chapter of code is to be written, the borough will be able to count on local, short-term lodging professionals to give advice on how best to collect and remit this new tax.

Thanks again for your comments. I look forward to hearing your thoughts on whether or not a “bed tax” questions should be brought to voters. Please do not hesitate to contact me directly with any questions or concerns moving forward.

Tyson Cox
Kenai Peninsula Borough
Assembly Member, District 4
(907)252-4814

On Jun 16, 2024, at 12:16 PM, Duane Bannock <Duane@uptownmotel.com> wrote:

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Kenai Peninsula Borough Assembly
144 N Binkley St
Soldotna, AK 99669

Via email

RE: Resolution 2024-029

Dear Assembly Members:

Considering the timing of this Resolution being scheduled for your next Assembly Meeting and noting this Resolution will directly affect those of us in the hospitality industry, please consider our two immediate requests on Resolution 2024-029:

1. Please postpone ALL action until after the 2024 Summer Season (*later than July 9, 2024 being proposed in the substitute memo*). This time of year all hospitality industry professionals are concentrating on maximizing our limited earning-time potential with visitors and guests. The KPBA is 60 years old; missing the 2024 election cycle will NOT have long-term negative financial impacts on the Borough's finances.
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Specifically: the reference to Definitions. Who/What/When/Where will this tax be implemented and enforced?

The Uptown Motel is likely willing to work with the Borough Assembly & Borough Administration to craft a plan that is reasonable to all concerned; including scheduled work sessions that may include stakeholders including cities, but especially the entities charged with tax collection and remittance.

Thank you for your prompt attention to this important matter.

Duane Bannock
General Manager
907 398 2316

47 Spur View Drive | Kenai, Alaska | 99611

Subject: FW: <EXTERNAL-SENDER>Resolution 2024-029 (Proposed KPB Bed Tax) - OPPOSE

From: sleepybear@alaska.net <sleepybear@alaska.net>

Sent: Monday, June 17, 2024 2:30 PM

To: G_Notify_AssemblyClerk <G_Notify_AssemblyClerk@kpb.us>

Subject: <EXTERNAL-SENDER>Resolution 2024-029 (Proposed KPB Bed Tax) - OPPOSE

CAUTION: This email originated from outside of the KPB system. Please use caution when responding or providing information. Do not click on links or open attachments unless you recognize the sender, know the content is safe and were expecting the communication.

To all KPB Assembly Members:

As a short-term lodging owner in Anchor Point, I am against a KPB bed tax, especially at the current proposed rate of up to 12%. A bed tax in Anchor Point would cause lodging owners to lose business.

- Public comment and assembly voting should be delayed until after the peak season at the earliest to allow more business owners to be made aware of / become familiar with the details of this proposal, provide feedback and attend meetings. Most of us who are currently aware of the proposal have only had six days (some of those days are over a weekend) to read through the proposal, spread the word, and submit comments during the busiest time of year prior to the 18 June regular meeting and in preparation for the 9 July public hearing.

I agree with the below comments put forth by other lodging businesses and associations:

- The Borough needs to prove that it can collect sales tax from all short-term rentals before imposing a higher tax rate on businesses that already are complying. Those that already collect and pay will be at an even greater disadvantage against those who are not collecting and paying now and still won't at an even higher rate.
- We propose that the borough consider a lower, broader 'Tourism Tax' that would apply to multiple business categories and not levy so high a rate on lodging alone. So far there has been no interest in considering this model, even though it has been successful in other locales (e.g., [Tourism Tax | South Dakota Department of Revenue \(sd.gov\)](#)).
- Revenues from the tax do not benefit the lodging sector or broader tourism in any way. In Anchorage, 1/3 of its 12% bed tax funds the convention center, 1/3 funds tourism marketing, 1/3 is general funds. The KPB proposal does nothing to support the business sector that is generating the revenue.
- This is not a net neutral cost to local businesses. Increasing the amount of tax dollars collected increases the direct cost of credit card fees by hundreds to thousands of dollars per year, based on the number of accommodations a business has. Lodging businesses already pay more than their fair share of sales tax as we cannot apply the \$500 cap to a guest's full stay but against each day.

As events like the pandemic have proven, all areas of tourism can be and have been adversely affected economically. Relying on one area of commerce to bear the brunt of the burden for sales tax is not a sustainable model. If an additional sales tax must be imposed, a much smaller tax (i.e., 1%) which businesses

and their customers, across multiple business categories, can more easily absorb would better provide the necessary tax funds to the borough while covering the ebb-and-flow of the tourism economy and having less negative impact on the profits of each individual business category.

Thank you for your time and consideration.

Teresa Cosman
Sleepy Bear Cabins LLC
907-235-5625
866-235-5630
907-235-5626 (Fax)
sleepybear@alaska.net
sleepybearalaska.com

Subject: FW: <EXTERNAL-SENDER>Kenai Peninsula Assembly Meeting - tomorrow

From: Carol Fraser <cfraser@aspenhotelsak.com>

Sent: Monday, June 17, 2024 2:59 PM

To: Turner, Michele <MicheleTurner@kpb.us>; G_Notify_AssemblyClerk <G_Notify_AssemblyClerk@kpb.us>

Subject: <EXTERNAL-SENDER>Kenai Peninsula Assembly Meeting - tomorrow

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Good afternoon Michele;

Could you please send this letter to all assembly members and/or include it in the packet for tomorrow nights meeting regarding resolution 2024-029?

Please let me know if you have any questions.

Thank you,
Carol



Carol Fraser

Vice President
P.O. Box 90244 | Anchorage, AK 99509
P: 907.258.0006 F: 907.770.3425
www.AspenHotelsak.com

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Spreading awareness: This June, join us in honoring and celebrating cancer survivors and their willful journey toward recovery.



June 17, 2024

Kenai Peninsula Borough Assembly
144 N Binkley St.
Soldotna, AK 99669

Dear Assembly Members:

This letter is addressing Resolution 2024-029 which will be introduced at the 6/18/24 assembly meeting. Aspen Hotels has 3 hotels on the Kenai Peninsula that will be affected by this resolution. We have over 200 hotel rooms on the Kenai Peninsula and are surprised no one from the assembly communicated with not just our three hotels, but any hotel on the Peninsula. Discussing the options, the optics, the why of 12% with the biggest stakeholders seems like the first logical step in making taxation decisions that affect hotels on the Kenai Peninsula.

The tourism industry has 4 – 5 months in the summer to focus on generating revenue which pays for our year-round expenses – whether we are open or not. We have year-round employees, mortgages, property taxes and expenses and 5 months is all most of us get to bring in enough revenue to cover these year-round expenses. Introducing this resolution during our peak season when we are all short-staffed and doing our best to keep up with business seems incredibly ill-timed and insensitive.

Does the Kenai Borough Assembly have actual revenue the tourism industry brings to the peninsula – and does it have real expenses they incur while staying on the Peninsula to support the 12% bed tax? Has the assembly thought how this 12% bed tax affects Alaskans that come to the Peninsula to fill their freezers with fish for the winter? Has the assembly thought how this affects Alaskans who come to the Peninsula on sport team travel where every dollar counts – they'll now turn around and sleep on the bus on the ride back home.

If the Kenai Borough Assembly would postpone this unfair, targeted tax on the hotel industry, partner with us through work sessions and data collection throughout the winter – I think together, we could come up with a workable tax percentage that is fair. Aspen Hotels of Alaska would be willing to partner with the Kenai Borough Assembly on a process of discovery to find the actual cost of a tourist – and look at a tax structure that is fair and equitable.

Thank you,

Carol Fraser

Carol Fraser
Vice President

P.O. Box 90244
Anchorage, AK 99509
AspenHotelsAK.com • 907.258.0006

Subject: FW: <EXTERNAL-SENDER>KPB Reso 2024-029 -- Opposition

From: president@homerbedbreakfast.com <president@homerbedbreakfast.com>

Sent: Monday, June 17, 2024 8:05 PM

To: G_Notify_AssemblyClerk <G_Notify_AssemblyClerk@kpb.us>

Subject: <EXTERNAL-SENDER>KPB Reso 2024-029 -- Opposition

CAUTION: This email originated from outside of the KPB system. Please use caution when responding or providing information. Do not click on links or open attachments unless you recognize the sender, know the content is safe and were expecting the communication.

It's not clear whether our online comments were accepted, so we're sending this email to ensure their receipt.

Thank you,
Marcia Kuszmaul

The 23 Lodging Members of the Homer Bed & Breakfast Association (HBBA) respectfully submit the following testimony with regards to Resolution 2024-029. Our Lodging Members include businesses located in Anchor Point, Homer, East End Road and across the bay.

HBBA opposed the Borough "bed tax" the previous times it has been proposed, most recently in 2019. Many of the reasons we opposed the tax then still remain.

- Businesses in compliance with registering, collecting and remitting sales tax will continue to comply and collect and remit the higher tax. Businesses who are not in compliance will continue to not pay the higher tax. This puts businesses who are in compliance at a disadvantage because they will be charging guests up to 12% higher daily rate. Before the Borough imposes a higher tax on this single sector, it needs to prove that it is maximizing tax revenue by collecting current sales tax from all short-term rentals.
- HBBA and other local lodging businesses repeatedly have asked the Borough to consider a lower, broader "Tourism Tax" that would apply to across multiple business categories and not levy so high a rate on any one sector. So far, as best we can tell, the Borough has not considered or evaluated this alternative and is applying a higher tax rate to a single sector. We continue to believe the Tourism Tax merits consideration as this model has been successful in other locals. [Tourism Tax | South Dakota Department of Revenue \(sd.gov\)](https://www.sd.gov/tourism-tax)
- Revenues from the tax do not benefit the lodging sector or broader tourism in any way. In Anchorage, 1/3 of its 12% bed tax funds the convention center, 1/3 funds tourism marketing, 1/3 goes to general funds. The KPB proposal does nothing to support the business sector that is generating the revenue. Some would say it compromises the sector by increasing the cost of visiting the Kenai.
- Lodging business already pay more than their fair share of sales tax as we cannot apply the \$500 cap to a guest's full stay but against each day. And this proposal is not a net neutral cost to local lodging businesses. Increasing the amount of tax dollars collected increases the direct cost of credit card processing fees by hundreds to thousands of dollars per year per business, based on the number of accommodations a business has.

You can imagine that these resolutions could not have come at a worse time for our sector to engage on this issue as we are in the very midst of our busy season.

We ask that the Borough:

- bring forward an objective proposal with facts and figures with a cost/benefit analysis rather than a proposal that is mostly based on the reasoning that "everyone is doing it."
- consider a Tourism Tax at a lower rate across multiple tourism sectors to spread the effect around
- bring forward its plan at a time when those businesses who will be affected can reasonably engage and respond.

Respectfully,

Homer Bed & Breakfast Association Executive Committee

Marcia Kuszmaul, President, owner Juneberry Lodge, Kachemak City

Lori Mikols, Vice President, owner Bay Avenue Inn, Homer

Susie Myhill, Secretary, owner Anchor Point Lodge, Anchor Point

Byron Sansom, Treasurer, owner Homer Stay and Play, Homer

Subject: FW: <EXTERNAL-SENDER>Resolution 2024 - 029

From: Nicole Lawrence <nicole@sewardproperties.com>

Sent: Tuesday, June 18, 2024 8:13 AM

To: G_Notify_AssemblyClerk <G_Notify_AssemblyClerk@kpb.us>

Cc: Colby Lawrence <colby@breezeinn.com>; Pamela Eiting <pamela@breezeinn.com>; Duke Marolf <duke@breezeinn.com>

Subject: <EXTERNAL-SENDER>Resolution 2024 - 029

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Dear Clerk:

Can you please include the following letter to the Members of the Kenai Peninsula Borough Assembly for this evening's discussion? Please confirm if that is possible.

Thank you,
Nicole



Nicole Lawrence, GRI

Realtor/Broker/Owner - Seward Properties

Cell (907) 491 0778

Fax (877) 935 4088

Nicole@SewardProperties.com

Check out **www.SewardProperties.com**

Location: 437 4th Avenue - Corner of 4th & Madison
Mailing: PO Box 1466, Seward, AK 99664

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Kenai Peninsula Borough Assembly
144 N Binkley St
Soldotna, AK 99669
RE: Resolution 2024-029

June 18th, 2024

Dear Members of the Kenai Peninsula Borough Assembly,

I am one of the owners of the Breeze Inn Hotel in Seward, Alaska where we have 100 rooms on the Kenai Peninsula. I am also the sole owner of Seward Properties Real Estate Brokerage. I am writing to express my strong opposition to the proposed increase on the bed tax across the Kenai Peninsula. As a resident and business owner in Seward, I believe that such a measure would have detrimental effects on our local economy and community.

- The proposed increase in the bed tax across the KPB does not allocate any of its revenues to benefit the lodging sector or broader tourism initiatives. In contrast, cities like Anchorage distribute their bed tax revenues across different areas: one-third to support the convention center, one-third towards tourism marketing efforts, and one-third to general funds. The Kenai Peninsula Borough's current proposal lacks similar provisions that would support the very businesses generating revenue.
- Lodging businesses already bear a disproportionate burden of sales tax, as the \$500 cap cannot be applied to a guest's entire stay but instead applies daily. This proposal would result in a net increase in costs for local lodging businesses. By raising the amount of tax revenue collected, businesses would face a direct rise in credit card processing fees, potentially costing hundreds to thousands of dollars annually per business, depending on the number of accommodations they manage.
- The Kenai Peninsula thrives on tourism, which contributes significantly to our economy and sustains numerous businesses and jobs. Increasing the bed tax would directly impact our ability to attract visitors and maintain a competitive edge in Alaska's tourism industry. Many tourists are already sensitive to additional fees and taxes, and an increase in the bed tax could dissuade them from choosing the Kenai Peninsula as their destination. This could lead to a decrease in visitor numbers, hurting local businesses that rely on tourism dollars to stay afloat. Many hotel rooms in Seward in the summer are already over \$450/night. The extra tax would significantly increase this cost for visitors and limit the time they spend on the Peninsula.

Furthermore, Seward is a small community where every dollar counts. We are seasonally based and have one of the highest costs of living on the Kenai Peninsula. Our average starter home is over \$400,000. Locals regularly pay over \$300/month for electric, water and sewer; plus, we pay often pay \$500/month, or more, in diesel heating bills - not to mention the price of food and gas.

While you may feel you are only taxing "big businesses" with this proposed Resolution, most business owners in our communities are locals who are trying to make ends meet. We are already facing challenges due to economic uncertainties and seasonal fluctuations. An increase in the bed tax would impose an additional financial burden on local Seward business owners. This would not only affect these business owners but also their employees and families who depend on tourism-related jobs to make ends meet.

- Please postpone all action until after the busy 2024 schedule. All of us in the hospitality industry are overwhelmed with the influx of seasonal visitors and would like to have more time and opportunity to address this resolution and come up with possible solutions.
- We would like to be able to see the draft proposed Ordinance prior to any Resolution calling for ballot language.

In conclusion, I respectfully ask that you reconsider the proposal to raise the bed tax on the KPB. Let's collaborate to discover sustainable solutions that bolster our local economy and establish a tax framework that is fair and impartial.

Sincerely,

Nicole Lawrence
907 491 0778; nicole@sewardproperties.com

Subject: FW: New Public Comment to Assembly Members

From: Kenai Peninsula Borough <webmaster@kpb.us>

Sent: Tuesday, June 18, 2024 8:35 AM

To: BoroughAssembly <Borough-Assembly@kpb.us>; Mayor's Department <MayorDepartmental@kpb.us>

Cc: G_Notify_AssemblyClerk <G_Notify_AssemblyClerk@kpb.us>

Subject: New Public Comment to Assembly Members

Your Name: linda superman

Your Email: lindasuperman@gmail.com

Subject: 15% bed tax

Message:

I am a struggling small business owner, and this added 15% tax will only add to my struggles! Please Don't pass this!!

Subject: FW: <EXTERNAL-SENDER>Assembly Meeting Resolution 2024-029

From: Michelle Dix <msdix23@yahoo.com>

Sent: Tuesday, June 18, 2024 9:34 AM

To: G_Notify_AssemblyClerk <G_Notify_AssemblyClerk@kpb.us>

Subject: <EXTERNAL-SENDER>Assembly Meeting Resolution 2024-029

CAUTION: This email originated from outside of the KPB system. Please use caution when responding or providing information. Do not click on links or open attachments unless you recognize the sender, know the content is safe and were expecting the communication.

Good Morning,

If my attached letter could be presented to the assembly members during tonight's assembly meeting that would be very appreciated.

Thank You
Michelle Dix
907-252-3479



393 Riverside Drive

Soldotna, AK 99669

Kenai Peninsula Borough Assembly

144 N Binkley Street

Soldotna, AK 99669

Dear Assembly Members,

This letter is in regards to Resolution 2024-029 which will be proposed tonight at the assembly meeting. We are completely opposed to this additional 12% bed tax. We already have a 6% sales tax, between the city and borough on lodging. This sales tax doesn't have a cap. The city has already passed, without public voting, to add an additional 4% bed tax starting in 2025. Hotel guests pay sales tax on the full amount of their stay.

We feel that the borough is going after lodging businesses, since there are so few and can easily pass this ordinance. All businesses are profiting from tourism, but you only want to single out one industry. We don't just work during tourism season and take the money and leave the state. The money stays in the state year around and provides jobs year around.

Stating that this won't affect the owners of the hospitality industry isn't true. By increasing taxes we will be paying more in credit card fees, and this fee is not a pass on to customers.

If there is a tax needed, it should be a seasonal tourism sales tax that all businesses should have to take part in. They all benefit from tourism. It is such a short window of time that we have to make money in this industry.

We love this community and the presence it brings. Don't put the burden of taxing only one industry. We hope you take into consideration our thoughts on the matter.

Thank you,

Michelle Dix, Rolf Manzek and Jackie Manzek

Subject: FW: New Public Comment to Assembly Members

From: Kenai Peninsula Borough <webmaster@kpb.us>

Sent: Tuesday, June 18, 2024 12:01 PM

To: BoroughAssembly <Borough-Assembly@kpb.us>; Mayor's Department <MayorDepartmental@kpb.us>

Cc: G_Notify_AssemblyClerk <G_Notify_AssemblyClerk@kpb.us>

Subject: New Public Comment to Assembly Members

Your Name: Bailey Cook

Your Email: duckinn@alaska.net

Subject: Resolution 2024-029

Message:

Hello,

We are reaching out regarding resolution 2024-029 to express our strong disagreement with this proposal. We have been borough supporters for over 20 years through many different businesses and as community members, but it pains me to see how little the borough helped during the covid hardships and how they're now proposing this gouging tax. The borough did nothing to help fellow small businesses since 2020, unlike the city of Soldotna who gave grants to help aid small businesses in their attempt to succeed during that time.

How can we focus on the borough stepping forward to help our local small businesses in coming out of these economic hardships, instead of increasing taxes to severely hurt small businesses during this already difficult time?

Please reconsider bringing this proposal forward or allowing it to proceed any further.

Sincerely,

Bailey Cook

The Duck Inn

Subject: FW: <EXTERNAL-SENDER>Strong Opposition to Resolution 2024-029 (Bed Tax)

From: Quality Inn Kenai <gm.qualityinnkenai@gmail.com>

Sent: Tuesday, June 18, 2024 12:32 PM

To: G_Notify_AssemblyClerk <G_Notify_AssemblyClerk@kpb.us>

Subject: <EXTERNAL-SENDER>Strong Opposition to Resolution 2024-029 (Bed Tax)

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Dear Kenai Peninsula Borough Assembly Members,

I am writing to express my strong opposition to Resolution 2024-029, which proposes a 12% bed tax on Kenai Peninsula hotels.

This proposal comes as a surprise, with little to no notice provided to the hospitality industry, a sector significantly impacted by this resolution. The lack of transparency is concerning.

Implementing a 12% bed tax will have a negative domino effect on our hotels and the tourism industry as a whole. Guests will likely shorten their stays or choose alternative accommodations to avoid the additional cost. This is particularly concerning for families participating in school sports activities, both public and private clubs. With this tax, families from Anchorage, for example, would likely choose to drive back and forth rather than stay overnight in Soldotna or Kenai.

This resolution unfairly targets our industry. Our two hotels, located in Kenai and Soldotna, already face inequitable tax burdens. Our industry has yet to fully recover from the economic impacts of COVID-19. Revenue has not returned to pre-pandemic levels, while costs continue to rise, significantly squeezing our profits.

A fair and equitable tax system should distribute the burden across various industries or the entire community to fund essential services. A bed tax unfairly singles out the hospitality industry, making it an unjust and unjustified measure.

For the reasons outlined above, I urge the Assembly to vote no on Resolution 2024-029.

Thank you for your time and consideration.

Sincerely,

Melinda Leichliter

General Manager

Quality Inn Kenai

--



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Melinda Leichter
GENERAL MANAGER

T. 907.283.6060
Melinda.QualityInnKenai@gmail.com

Quality Inn
10352 Kenai Spur Highway
Kenai, AK 99611
T. 907.283.6060 | F. 907.283.3874
QualityInnKenai.com

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Subject: FW: <EXTERNAL-SENDER>Strong Opposition to Resolution 2024-029 (Bed Tax)

From: General Manager <gm.bwkingsalmon@gmail.com>
Sent: Tuesday, June 18, 2024 12:34 PM
To: G_Notify_AssemblyClerk <G_Notify_AssemblyClerk@kpb.us>
Subject: <EXTERNAL-SENDER>Strong Opposition to Resolution 2024-029 (Bed Tax)

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I am writing to express my strong opposition to Resolution 2024-029, which proposes a 12% bed tax on Kenai Peninsula hotels.

This proposal comes as a surprise, with little to no notice provided to the hospitality industry, a sector significantly impacted by this resolution. The lack of transparency is concerning.

Implementing a 12% bed tax will have a negative domino effect on our hotels and the tourism industry as a whole. Guests will likely shorten their stays or choose alternative accommodations to avoid the additional cost. This is particularly concerning for families participating in school sports activities, both public and private clubs. With this tax, families from Anchorage, for example, would likely choose to drive back and forth rather than stay overnight in Soldotna or Kenai.

This resolution unfairly targets our industry. Our two hotels, located in Kenai and Soldotna, already face inequitable tax burdens. Our industry has yet to fully recover from the economic impacts of COVID-19. Revenue has not returned to pre-pandemic levels, while costs continue to rise, significantly squeezing our profits.

A fair and equitable tax system should distribute the burden across various industries or the entire community to fund essential services. A bed tax unfairly singles out the hospitality industry, making it an unjust and unjustified measure.

For the reasons outlined above, I urge the Assembly to vote no on Resolution 2024-029.

Thank you for your time and consideration.

Sincerely,

Melinda Leichter

General Manager

Best Western King Salmon



Melinda Leichter

General Manager

Best Western King Salmon

35546A Kenai Spur Highway

Soldotna, AK 99669

907-262-5857

www.bestwestern.com

Subject: FW: <EXTERNAL-SENDER>Opposition to KPB Resolution 2024-029 Regarding 12% Bed Tax

Importance: High

From: Sarah Oates <soates@alaskacharr.com>

Sent: Tuesday, June 18, 2024 5:05 PM

To: Hibbert, Brent <bhibbert@kpb.us>; Tunseth, Ryan <rtunseth@kpb.us>; Ribbens, Peter <pribbens@kpb.us>; Cox, Tyson <tysoncox@kpb.us>; Elam, Bill <belam@kpb.us>; Ecklund, Cindy <CEcklund@kpb.us>; Johnson, Brent <bjohnson@kpb.us>; Cooper, Kelly <kcooper@kpb.us>; Tupper, Mike <MTupper@kpb.us>

Cc: G_Notify_AssemblyClerk <G_Notify_AssemblyClerk@kpb.us>; Mayor Peter Micciche <pmicciche@kpb.us>; Mayor's Department <MayorDepartmental@kpb.us>; Kenai Peninsula Charr Assc. <kpcharr@gmail.com>; Cassie Ostrander <costrander@alaskacharr.com>; Corrine Law <claw@alaskacharr.com>; Sarah Oates <soates@alaskacharr.com>

Subject: <EXTERNAL-SENDER>Opposition to KPB Resolution 2024-029 Regarding 12% Bed Tax

Importance: High

CAUTION: This email originated from outside of the KPB system. Please use caution when responding or providing information. Do not click on links or open attachments unless you recognize the sender, know the content is safe and were expecting the communication.

Good evening, Kenai Peninsula Borough Assembly members:

Please review the attached letter in opposition to proposed Resolution 2024-029 regarding a 12% bed tax.

Thank you for the consideration.

Respectfully,

Sarah Daulton Oates

President & CEO

Alaska Cabaret, Hotel, Restaurant, & Retailers Association

Alaska CHARR Future Hospitality Leaders Program

Alaska CHARR Educational Fund

O: 907.274.8133 | C: 907.229.9972

www.alaskacharr.com





Alaska Cabaret, Hotel, Restaurant, and Retailers Association
1503 W. 31st Avenue, Suite 102
Anchorage, AK 99503
Office (907) 274-8133
www.alaskacharr.com

June 18, 2024

Dear Members of the Kenai Peninsula Borough Assembly,

I have served as President & CEO of the Alaska Cabaret, Hotel, Restaurant, and Retailers Association (commonly known as Alaska CHARR) since 2018. Alaska CHARR has approximately 750 members and represents over 2000 hospitality establishments that employ nearly 36,000 workers across Alaska communities.

With the pandemic past its peak, Alaska's hospitality industry continues to face significant ongoing challenges to business operations. Operating costs are at record highs and labor shortages are ongoing.

I am writing to you today to request your consideration in voting no on resolution 2024-029, a resolution that would put a question on the October ballot asking whether the borough should levy up to a 12% tax on short-term accommodations rentals and overnight camping facilities.

There are several components to this resolution that are problematic. Placing an additional tax on our hospitality industry at this time would be of great concern to the many hotels, lodges, campgrounds, and other overnight facilities that contribute to the robust tourism industry on the Kenai Peninsula.

The proposed resolution would only raise funds from this occupancy tax towards the general fund, with none being used to support or promote the Peninsula's tourism and hospitality industry.

Hoteliers must consider each additional tax when they look at the total for their room night. Travelers – both out of state tourists and in-state travelers – look at the total and make budgetary decisions based on the total. Adding these taxes impacts what can be charged for a room, which impacts the business owner, operator, and all employees who work at that establishment.

The total hotel industry impact in Alaska already includes:

- \$1.9billion in wages and salaries in Alaska
- \$724.5million in taxes, including
 - \$324.4million in state and local taxes
 - \$66.9million in lodging-specific taxes.



We urge you to reject this resolution. This tax would place an untimely, disproportionate burden on an already struggling industry that contributes significantly to the economy and community of the Kenai Peninsula Borough, supporting both locals and tourists.

Thank you for your consideration.

Respectfully,

A handwritten signature in green ink, appearing to read "Sarah", is written over a light blue circular background.

Sarah Daulton Oates
President & CEO, Alaska CHARR
soates@alaskacharr.com

Co-signed,
Wendy Superman
Executive Director, Kenai Peninsula CHARR
kpcharr@gmail.com



Subject: FW: New Public Comment to Assembly Members

From: Kenai Peninsula Borough <webmaster@kpb.us>

Sent: Tuesday, June 18, 2024 5:53 PM

To: BoroughAssembly <Borough-Assembly@kpb.us>; Mayor's Department <MayorDepartmental@kpb.us>

Cc: G_Notify_AssemblyClerk <G_Notify_AssemblyClerk@kpb.us>

Subject: New Public Comment to Assembly Members

Your Name: Laura Peterkin

Your Email: rola49@yahoo.com

Subject: 2024-29

Message:

Assembly members.

I am writing to express my strong opposition to the proposal to implement a 12% bed tax on the Hospitality industry. As a member of the community and a small business owner in the hospitality sector, I believe that such a tax would have detrimental effects on our industry and the local economy.

First and foremost, a 12% bed tax would put an undue burden on businesses, particularly small and independent operators who are already struggling to survive in the wake of the COVID-19 pandemic. Many of these businesses operate on thin margins and any additional costs could force them to close their doors, leading to job losses and diminished economic activity in our community.

Furthermore, a 12% bed tax would make our cities less competitive as tourist destinations. Travelers are already sensitive to the cost of accommodation, and such a tax would deter visitors from choosing our city as their travel destination. This would not only harm businesses in the Hospitality industry, but also impact related sectors such as restaurants, retail, and entertainment.

Additionally, implementing a 12% bed tax could have unintended consequences, such as driving tourists to book accommodations through alternative platforms that are not subject to the tax, leading to a loss of revenue for legitimate businesses and the city itself.

In conclusion, I urge you to reconsider the proposal to implement a 12% bed tax on the Hospitality industry. Instead of burdening businesses with additional costs, I believe that a more sustainable solution can be found through collaboration and dialogue between industry stakeholders and government representatives.

Thank you for considering my views on this important issue.

To: KPB Assembly
Fr: Jon Faulkner, Land's End, Homer
Date: 8/10/17
Re: Proposed Bed Tax (Ordinance 2017-17)

*Record of
prior testimony*

Here Are The Facts About The Proposed Bed Tax

FACT: The majority of visitors to the Kenai are Alaskans—from Anchorage—who venture south 2-3 times a year on average. A bed tax is a tax on Alaskans who have the option of turning around.

FACT: Visitors are consumers: they care about money. They shop, and are price sensitive. Some insist visitors “just pay”—they don’t choose not to come because of a bed tax. This may be true for rich people, but tell this to an Anchorage hockey or X-C ski coach, or a young couple from Nanwalek or Soldotna enjoying a weekend getaway in Homer.

FACT: The suggestion that visitors don’t contribute directly to the Borough’s economy is completely indefensible. They contribute more than any other single industry with the exception of oil and gas. 90% of the revenues my business contributes to the KPB comes **DIRECTLY** from visitors. The KPTMC stated in 2014 that **“25% of KPB sales tax come from visitors.”** Because we have a sales tax, visitors pay!

FACT: The majority of communities in and outside of Alaska **DO NOT HAVE A BED TAX.** We are a collection of small communities, not urban centers like Anchorage, Juneau or Fairbanks (none of which have sales tax). Of the 18 communities listed on the KPTMC’s “pro-tax” sales brochure in 2014, only 3 have a sales tax AND bed tax. NONE have four layers of taxes (Sales, bed, real and personal property). And none use a bed tax to fund schools or increases in Borough health care costs!

FACT: A bed tax targets one narrow sector of one industry. This is unfair and promotes tyranny—the majority forcing a tax on the products or services of just a few. It’s wrong and it’s bad public policy!

FACT: Voters rejected a bed tax in 2006, when the initiative failed by a large margin. It failed to make the ballot again 2014.

FACT: In 2010, Kenai opted out of a bed tax because they were concerned about competition with other Peninsula destinations. Kenai has benefitted from this decision, experiencing increased investment in Lodging from PRL Logistics, Aspen and others. Don't force it back on them!

FACT: The ordinance as structured pits one community against another. Seward will vote on a tax that effects Homer differently—and more--than Seward. This is divisive, maybe unconstitutional. Don't allow it!

FACT: Kenai-based special events, worker training camps and retreats are cost-competitive with Anchorage and Fairbanks—6-10% LOWER in Kenai and Homer due to the ABSENCE of a bed tax. Don't jeopardize this!

FACT: Sales efforts to promote Homer over Anchorage and Mat-Su overcome the disadvantage of distance by ADVERTISING “NO BED TAX”.

FACT: After 30 years of effort, the KPTMC cannot sustain itself, and has proven ineffective with its mission (Do they track actual results?). It's time to eliminate the department and let the private sector assume the job of marketing itself. Tourism marketing is NOT an essential government service.

FACT: 14 years ago, the KPB **eliminated** personal property tax on boats to stimulate the marine trades in Homer and Seward. They did this knowing that eliminating this tax would stimulate local jobs and economic growth. Now the visitor industry is asked to make up this revenue shortfall.

FACT: The hospitality industry is opposed to a bed tax because it hurts our businesses. Those who claim otherwise simply don't care if a tax hurts our businesses—or care more about their government funded benefits.

FACT: The hospitality industry lags far behind the public sector in terms of wages and benefits. A bed tax takes from the private sector and transfers economic opportunity to the public sector—who already enjoy way more than the average hospitality worker.

FACT: Mayor Navarre's vetoed a proposed bed tax in 2014 for reasons that are still valid today—that Seward and Kenai should not have the right to force a tax on Homer that Homer and other communities don't want.

FACT: AML believes other Alaskan communities are increasing their local taxes so we should too. The truth is that Alaskans are fighting back hard all over the state, and are demanding that governments reduce their budgets.

Many reasons why a Bed Tax is a terrible idea

(And a few reasons why it's a good idea)

By Jon Faulkner, LEAC 6/18/24

Let's start with the few good reasons:

- 1) For those who dislike increased visitors, a bed tax is a great way to kill tourism. That's why virtually every business that relies on tourism opposes a bed tax.
- 2) For those who want less growth, less buildings and capital investment, a bed tax is a great solution. That's why any company proposing to spend millions on new hotel construction—as Land's End and Doyon are doing now, oppose this tax.
- 3) For Marxists minded folks who wish to undermine free enterprise and prefer consolidating business and capital in the hands of fewer and fewer people, or the government, a bed tax is a great idea.
- 4) For those who want to see higher wages and benefits for government workers, creating even greater disparity and competition with the private sector--a bed tax accomplishes the goal.

Now for the 20 reasons why a Borough bed tax is a bad idea--in any amount

- 1) Boroughs do not exist for the purpose of imposing taxes on businesses residing within municipal subdivisions within a borough. They exist to provide for area-wide services—outside of cities. Instead of sucking revenue and taxing capacity away from Homer, the KPB should support its independent taxing authority.
- 2) General Fund revenues cannot be dedicated or earmarked. Selling this tax as needed for a particular service, like landfills or port improvements, in order to package it as visitor-friendly, or to correct a visitor-created problem, is politically deceptive.
- 3) The KPB has a fair tax structure in place now, consisting of multiple forms of tax, to pay for area-wide services. These have worked for 50 years and will continue to work if budgets are managed responsibly.
- 4) If certain municipal services are burdened by higher costs, then the KPB should modify the user fee structure to fairly amortize and pay for those costs. If visitors pose a burden to

landfills, increase landfill fees. However, it is bad public policy to burden non-residents with costs largely incurred by residents.

- 5) The visitor industry has a broad impact on virtually every economic sector. To target one element of one sector to fund the growth of government is fundamentally unfair and wrong-headed—particularly when the tax is opposed by that sector.
- 6) Higher benefits and wages for public sector employees—which is most of the motivation for increased taxes of any kind—simply creates greater disparity with the private sector, robbing it of investment capital and the ability to prosper.
- 7) Studies that suggest taxes on tourism do not negatively impact travel are ridiculously out of touch. People care about what things cost, and that’s the simple truth of it.
- 8) Homer is thriving as a destination without a tax. Residential growth has boomed in the last ten years—fueling and unprecedented increase in municipal revenue. The KPB should not intervene and impose more layers or higher levels of taxation that impact its towns and cities.
- 9) A bed tax could favor owners of STRs who avoid paying taxes, as it allows them to become even more competitive over tax-abiding business entities.
- 10) A bed tax adds collection costs and financial risks to a business that are not compensated for, and not fairly distributed.
- 11) Allowing a targeted tax of any kind to advance to a popular vote is undemocratic, insofar as it allows many people to vote on a tax that mostly impacts a minority.
- 12) A bed tax within the KPB is a tax on Alaskans.
- 13) The KPB is a visitor destination, and is competitive with Anchorage, Mat-Su and Fairbanks because most communities have no bed tax. Let’s keep it a local option.

*Testimony Regarding proposed BED TAX, to KPB, circa 2014
By: Jon Faulkner*

Vote “No” To A Hidden Tax On YOU!

Vote “No” To A Tax That Will Hurt Local Economies!

Vote “No” To A Tax That Will Discourage In-State Travel!

**Support Local Communities: Let Them Make Their Own
Decisions on Taxes**

DO NOT BE FOOLED! Revenues from a bed tax to fund the Kenai Peninsula Tourism Marketing Council (KPTMC) will make them LESS accountable to members, and result in less effective marketing efforts. Furthermore, a Lodging tax will hurt the very visitor industry they seek to support.

HERE ARE THE FACTS:

FACT: Companies are investing heavily in training camps and locally based film crews in Homer, Nikiski and Kenai because these areas are cost-competitive with Anchorage and Fairbanks. Lodging costs for the identical service are 6-12% LOWER in Kenai / Nikiski and Homer due to the ABSENCE of a bed tax.

Do not believe those who say we need a TAX to compete!

FACT: The majority of communities in and outside of Alaska DO NOT HAVE A BED TAX. We are a collection of rural communities, not urban centers like Anchorage, Juneau or Fairbanks.

FACT: A bed tax is a tax on YOU, and on Alaskans: The majority of the Kenai Peninsula’s lodging revenue is from Alaskan residents— moreso in the winter when we need to build business the most. This tax will hurt residents as we travel for weekend sporting events and summer fishing trips.

FACT: Excepting Seward (a major rail and cruiseship port with a bed tax) the majority of visitors to the Kenai Peninsula are ALASKANS. These people are your friends and relatives. Tax them and they will come less often.

FACT: The Kenai Peninsula is highly competitive with other destinations, such as Mat-Su, contrary to what the KPTMC states. Sales efforts to promote Homer over

Anchorage or Mat-Su must overcome the disadvantage of travel, and this is accomplished by the SAVINGS associated with NO BED TAX.

FACT: The KPTMC was designed to be a member-driven, private non-profit with only initial support from government. Now, the KPTMC wants taxpayers to support their mission. Currently KPTMC has a budget of \$600,000 to serve a population of 57,000!

FACT: When the price of something increases, such as gasoline, demand decreases. This is basic economics. How often do we connect fuel prices or airfares to tourism? And yet proponents of a bed tax argue that consumers won't notice or they don't care. How about you? Do increased prices effect your decisions?

FACT: After 25 years, the KPTMC believes it cannot sustain itself. This is one measure of their effectiveness. Tax dollars are NOT the answer.

FACT: The majority of bed tax revenue is NOT used to promote tourism.

FACT: Roughly ten years ago, our borough assembly **eliminated** a personal property tax on boats to stimulate the marine trades in Homer and Seward. They did this because they knew that boat owners could move their boats to Kodiak, and that lowering taxes stimulates local jobs and economic growth. It worked!

FACT: Five years ago, the State stimulated growth in the Cook Inlet Oil and Gas industry by LOWERING TAXES and offering drilling incentives. Now the KPTMC wants you to believe a **tax on lodging** will stimulate growth in tourism. Don't believe it!

FACT: The visitor industry opposes this tax; KPTMC's membership opposes this tax. It's another money grab from YOU to pay for INCREASED GOVERNMENT to perform tasks THE PRIVATE SECTOR CAN AND SHOULD DO!

FACT: According to the EDD, Government jobs already account for almost 1 out of four jobs on the Kenai Peninsula. Tourism Marketing is NOT an essential government function, and NOT a wise use of our taxing power.

FACT: You voted on this 8 years ago. The initiative failed by a large margin.

FACT: The City of Kenai opted out of a bed tax five years ago, because they were concerned about competition with other Peninsula destinations. Kenai's has benefitted from this decision, with increased investment in Lodging.

FACT: A bed tax targeting one element of a large industry is misguided. Don't let Government single out lodging properties to charge a tax.

FACT: ATIA TV campaigns tout the benefits of "in-state travel" as a means of creating a healthy economy because we know in-state travel matters. Making travel more expensive, so that we can promote the benefits of travel, is a losing strategy.

Subject: FW: New Public Comment to Assembly Members

From: Kenai Peninsula Borough <webmaster@kpb.us>

Sent: Tuesday, June 18, 2024 6:31 PM

To: BoroughAssembly <Borough-Assembly@kpb.us>; Mayor's Department <MayorDepartmental@kpb.us>

Cc: G_Notify_AssemblyClerk <G_Notify_AssemblyClerk@kpb.us>

Subject: New Public Comment to Assembly Members

Your Name: hs

Your Email: rohobawr@alaska.net

Subject: Comments on 6/18/2024 meeting agenda

Message:

First of all ... a sincere thank you for your service. It is a beautiful June night and you are doing important business indoors.

Next, this is what I heard regarding tonight's agenda.

Tonight's agenda includes discussion of expanding the Nikiski Senior Center.

Tonight's agenda includes discussing some new technology for CARTS, a transportation service that helps a lot of seniors get about.

Tonight's agenda includes allowing a senior that missed the filing deadline to reduce his/her taxes to be pardoned so that the senior will get more financial help.

So how about somebody on the Assembly start working on a BED TAX where ALL THE PROCEEDS go to helping the younger cohort of the peninsula get affordable housing and daycare?

One of the main reasons the younger cohort cannot find housing is because of short term rentals. So the proceeds of such a tax will help offset the problems that short term rentals cause.

Subject: FW: New Public Comment to Assembly Members

From: Kenai Peninsula Borough <webmaster@kpb.us>

Sent: Wednesday, June 19, 2024 9:47 AM

To: BoroughAssembly <Borough-Assembly@kpb.us>; Mayor's Department <MayorDepartmental@kpb.us>

Cc: G_Notify_AssemblyClerk <G_Notify_AssemblyClerk@kpb.us>

Subject: New Public Comment to Assembly Members

Your Name: Pam Stoltzfus

Your Email: stoltz1@alaska.net

Subject: 12% tax on short term rentals

Message:

I'm the owner of AK Moose & Spruce Cabins & Lodging located in Soldotna. We are only open 3 months per year & between the king fishery closures & Covid, we've been attempting to recover for the last several years. If the Borough imposes a 12% tax on our cabin rentals, it will surely put me & many other small businesses like mine out of business, in which case you won't even get your 3%! That's cutting your nose off to spite your face. Please don't force our small businesses into closure!