

Kenai Peninsula Borough
Assembly

MEMORANDUM

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

FROM: Dale Bagley, Assembly Vice-President *DLB*

DATE: June 6, 2019

RE: Amendment to Ordinance 2019-09, Amending the Borough's Sales Tax Code to Levy a 12 Percent Tax on Temporary Lodging, Exempt Temporary Lodging Rentals from the General Sales Tax, and Allow Cities that Levy a Similar Sales Tax on Temporary Lodging to Exempt up to One-Half of the Borough Temporary Lodging Tax, Subject to Voter Approval (Bagley)

Many members of the public testified in support of including overnight camping facilities in the proposed tax on temporary lodging. The following amendments would include these facilities in the proposed tax.

(Please note the bold underlined language is new and the bold strikeout language in brackets is to be deleted.)

- Amend the title, as follows:

AN ORDINANCE AMENDING THE BOROUGH'S SALES TAX CODE TO LEVY A 12 PERCENT TAX ON RENTALS OF TEMPORARY LODGING AND OVERNIGHT CAMPING FACILITIES, EXEMPT ~~TEMPORARY LODGING~~ THESE RENTALS FROM THE GENERAL SALES TAX, AND ALLOW CITIES THAT LEVY A SIMILAR SALES TAX ON ~~TEMPORARY LODGING~~ THESE RENTALS TO EXEMPT UP TO ONE-HALF OF THE BOROUGH'S ~~TEMPORARY LODGING~~ TAX ON THESE RENTALS, SUBJECT TO VOTER APPROVAL

- Amend the seventh whereas clause, as follows:

WHEREAS, while the revenue to the borough generated from this additional sales tax on temporary lodging and overnight camping facilities would be used solely for educational purposes, it would also make other borough revenues available to offset these visitor costs and help maintain the fund balance; and

- Amend the ninth whereas clause, as follows:

WHEREAS, to clarify [~~that this tax does not apply to the rental of spaces for motor homes, tents, and other similar temporary shelters not provided by the seller, and~~] what is considered temporary lodging, the definition of "temporary lodging" is amended; and

- Amend Section 1, as follows:

5.18.100. - General—Levied—Amount.

- A. There is levied by the borough a consumer's sales tax of up to 3 percent maximum rate on all retail sales, on all rents, and on all services made or rendered within the borough, measured by the gross sales price of the seller.
- B. In addition to the tax levied in paragraph A of this section, there is levied in the borough a sales tax on the rental of temporary lodging and overnight camping facilities of up to 12 percent of the rental price of all such rentals within the borough, except as specifically exempted herein.
- C. In addition to the sales taxes levied by the borough, any municipality within the borough may levy a consumer's sales tax and a temporary lodging and overnight camping facilities tax that may be included in their general sales tax, taxed separately, or both, as provided by Alaska Statute which shall be reported, collected, and enforced according to the terms of this chapter.

- Amend Section 2, as follows:

SECTION 2. That KP.B 5.18.200(A) is amended by amending paragraph 22, as follows:

5.18.200. - Exemptions/waivers—Exemptions.

- A. The following classes of retail sales, services and rentals are exempt:
...

22. The rental of temporary lodging **and overnight camping and** shall be exempt from the borough general sales tax levied pursuant to KPB 5.18.100(A).

- Amend Section 3, as follows:

5.18.215. Exemptions/waivers—Temporary lodging within cities in the borough.

Rentals of temporary lodging **and overnight camping facilities** within any city in the borough are exempt from the borough's temporary lodging room tax in an amount equal to a similar temporary lodging **and overnight camping facilities** tax that is either levied separately from or included in the city's general sales tax, or both, with a maximum total exemption of one-half of the borough's temporary lodging tax.

- Amend Section 4, as follows:

5.18.900. – Definitions.

When not clearly otherwise indicated by the context, the following words and phrases, as used in this chapter, have the following meanings:

...
"Overnight camping facilities" means 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.

"Temporary lodging" [IS DEFINED AS] means 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. This term includes hotels, apartment hotels, motels, tourist homes, houses or courts, lodging houses, inns, rooming houses, hostels, trailers, bed and breakfasts, dormitories except as excluded below, and any other facility, structure, or room of whatever name where space for lodging, dwelling, or sleeping

may be secured for consideration. "Room" excludes any self-contained and powered motor home or tent not provided by the seller, tent or tent space, hospital, medical clinic, sanitarium, or nursing home; or any student dormitory operated by a non-profit or public educational entity.

- Amend Section 5, as follows:

SECTION 5. That a ballot proposition shall be placed before borough voters at the regular election on October 1, 2019 to read as follows:

Shall Ordinance 2019-____ be approved? Ordinance 2019-____ establishes a borough sales tax of up to 12 percent on temporary lodging **and overnight camping facilities rentals**, exempts ~~[temporary lodging]~~ **these rentals** from the borough general sales tax, and exempts the amount of any **similar** city ~~[temporary lodging]~~ tax up to one-half of the borough's ~~[temporary lodging]~~ tax. "Temporary lodging" includes a service to provide lodging as described in the ordinance of less than one month for money or other consideration". **"Overnight camping facilities" means "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."**

Yes ____ A "yes" vote means you approve of a borough **tax on rentals of temporary lodging and overnight camping facilities [tax]** of up to 12 percent instead of the general sales tax on **these rentals [temporary lodging]**, with an exemption for any similar tax ~~[on temporary lodging tax]~~ levied by a city ~~[on the lodging]~~. This exemption in cities cannot exceed one-half of the borough's ~~[temporary lodging]~~ tax **on these rentals**.

No ____ A "no" vote means you oppose a borough **tax on rentals of temporary lodging and overnight camping facilities [tax]** of up to 12 percent instead of the existing general sales tax on **these rentals [temporary lodging]**, with an exemption for any similar tax ~~[on temporary lodging tax]~~ levied by a city ~~[on the lodging]~~. This exemption in cities cannot exceed one-half of the borough's temporary lodging tax **on these rentals**.

Fiscal Note

Kenai Peninsula Borough
Fiscal Year 2019

Ordinance/Resolution:	Ord 2019-09 amend
Fiscal Note Number:	
Publish Date:	6/7/2019

Title: Additional areawide sales tax on temporary lodging at 12% boroughwide, exempt from general sales tax, with half available to cities that pass legislation assessing their own temporary lodging tax (to include RV spaces).

Department: Assembly

Sponsor: Assemblymember Dale Bagley

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

	Current Year Estimate	Out-Year Cost Estimates	
	Current Year	Year2	Year 3
	2020	2021	2022
Operating Expenditures			
Personnel	115,000	115,575	116,153
Supplies	250		
Services	58,500	1,575	1,653
Capital Outlay			
Total Operating	173,750	117,150	117,806

Revenue Sources	2020	2021	2022
Borough wide	1,120,000	4,475,000	4,475,000
Total	1,120,000	4,475,000	4,475,000

Number of Positions	2020	2021	2022
Full-Time	1		

173,750

ASSOCIATED REGULATIONS

Will the legislation result in procedural or regulation changes within a department? Y N (circle one)

If yes, by what date are the regulations to be adopted, amended or repealed? 4/1/2020

Supplemental appropriation will be needed to change the sales tax form, make changes to the sales tax software, train staff and taxpayers and other implementation cost, recommending 4/1/20 effective date

Prepared By: Brandi Harbaugh, Finance Director

Finance sign off: Harbaugh, Brandi

Digitally signed by Harbaugh, Brandi
DN: cn=Harbaugh, Brandi, o=Kenai Peninsula Borough
c=US, email=brandi.harbaugh@kpb.org, ou=Kenai Peninsula Borough
Date: 2019.06.07 09:56:02 -0700