

# Kenai Peninsula Borough Assembly

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## MEMORANDUM

**TO:** Peter Ribbens, Assembly President  
Members, KPB Assembly

**FROM:** Brent Johnson, Assembly Member BJ

**DATE:** July 24, 2025

**RE:** O2025-14, Amending KPB 5.18.430 to Annually Adjust the Sales Tax Cap for Inflation (Johnson)

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This amendment proposes to retain subsection KPB 5.18.430(F) and submit the question to the voters at the KPB's regular election held on October 7, 2025.

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

- Amend the title of the ordinance to read as follows:

AMENDING KPB 5.18.430 TO ANNUALLY ADJUST THE SALES TAX CAP FOR INFLATION, **SUBJECT TO VOTER APPROVAL**

- Amend Section 2 of the ordinance to read as follows:

**SECTION 2.** That KPB 5.18.430 is amended as follows:

**5.18.430. Computation—Maximum tax.**

- A. The sales tax referred to in KPB 5.18.100 shall be applied only to the first \$500.00 of each separate sale, rent or service transaction, except as otherwise provided in this section. The maximum taxable amount under this subsection will be adjusted yearly based on the prior year's annual Anchorage Consumer Price Index (CPI) as published by the state, rounded to the nearest dollar, and set as of January 1 for the calendar year.
- B. Except as provided below for long-term vehicle leases, the payment of rent, whether for real or personal property, in excess of \$500.00 and for more than one month, shall be treated as several separate transactions covering the rental/lease for one month each. The maximum taxable amount under this subsection will be adjusted yearly based on the prior year's annual Anchorage Consumer Price Index (CPI) as published by the state, rounded to the nearest dollar, and set as of January 1 for the calendar year.

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- C. Services provided on account and billed to the customer on a periodic basis are subject to application to the tax on a maximum of \$500.00 of each billing, per account. For purposes of this section, any advance payment for services other than to a trust or escrow account is considered to be paid pursuant to a "billing." The maximum taxable amount under this subsection will be adjusted yearly based on the prior year's annual Anchorage Consumer Price Index (CPI) as published by the state, rounded to the nearest dollar, and set as of January 1 for the calendar year.
- D. Each night's rental of each individual unit of temporary lodging shall be considered a separate transaction and therefore the maximum tax computation shall be calculated on a per unit per night basis. Rental by a single person or entity of an entire facility, such as a lodge or hotel for multi-person overnight use, does not affect this provision that each night's rental of each individual unit shall be considered a separate transaction.
- E. Long-term vehicles leases shall be treated as one transaction per year, and per fractional year, of the lease term. The tax paid for any fraction of a year shall equal the tax paid for a whole year. The sales tax for the entire long-term vehicle lease shall be due and collected at the time of the first payment. Tax shall be calculated at the sales tax rate in effect on the day the lease is signed. There shall be no refund of such taxes should the lease terminate earlier than on its terms. Any extension of the initial lease term shall be treated as a new long-term vehicle lease.
- F. Any increase to the maximum sales tax described in subsection (a), above, shall not take effect until ratified by a simple majority of voters at a regular borough election.
- G. Recreational sales shall be treated on a per person per day basis and therefore the maximum tax computation shall be calculated on a per person per day basis. For purposes of this subsection, the term "person" means an individual human being.

➤ Amend Section 4 of the ordinance to read as follows:

**SECTION 4. That this ordinance shall take effect only upon approval by a majority of the voters in the borough qualified to vote on the question and who vote on the question during the regular KPB election scheduled for October 7, 2025, and, if approved, will take effect April 1, 2026.**

Your consideration is appreciated.