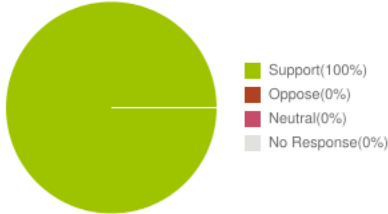


Agenda Item: eComments for *c. 2016-39 An Ordinance Amending the Effective Date of Amendments in Ordinance 2016-31, Relating to Sales Taxes on Non-Prepared Food by Certain Sellers in KPB 5.18.200(A)(15)(d) and Relating to Sales Taxes on Certain Nonprofit Sales in KPB 5.18.200(A)(20) (Cooper, Bagley, Holmdahl) (Shortened Hearing on 12/06/16)

Overall Sentiment



Tara Riemer

Location: 99664, Seward
Submitted At: 11:53pm 11-22-16

I encourage the Borough Assembly to pass this ordinance to delay implementation of sales tax collection by nonprofit organizations.

This sales tax change for nonprofits is not widely understood for the nonprofit organizations in the borough. Implementing it by January 1 is simply not feasible. In addition, I encourage the borough assembly to reconsider requiring nonprofits to collect sales tax.

As I have discussed with Mayor Navarre and assembly members Brandii Holmdahl and Gary Knopp, I also believe that the ordinance changes in September were much further-reaching than intended. Charging sales tax on goods and services from nonprofit organizations means charging sales tax on mission-related program services of many nonprofits. For the Alaska SeaLife Center, that includes education programs and visitor fees. Our gift shop is run by a third-party organization not exempt from charging sales tax. For other nonprofits in Seward, this could include charging sales tax on swimming club fees, senior center meals, and child development center tuition.

In addition, for small nonprofits with volunteer staff, charging sales tax will result in a large administrative burden on these volunteers. As a former bookkeeper for a small business in the borough, I understand the sales tax process. I also understand that QuickBooks struggles with reporting due to the tax cap and exemptions that must be reported. As treasurer of the Kenai Crewsers Rowing Club, I can estimate the amount of work it would take me to collect and report on sales tax for rowing fees, regatta entry fees, and a small amount of merchandise sales. The value of my time exceeds the \$300 the borough might collect from our \$10,000 annual budget!

I encourage the assembly to carefully consider the value that nonprofit organizations add to Alaska and to the Kenai Peninsula Borough. I urge you not to balance a government budget on the backs of volunteers and donor-supported programs.

Tara L. Riemer
President and CEO, Alaska SeaLife Center (a 501c3 nonprofit)

Treasurer, Kenai Crewsers Rowing Club (a 501c3 nonprofit)
Seward, Alaska