

Introduced by: Mayor
Date: 07/18/17
Hearings: 08/01/17 & 08/15/17
Action: Postponed as Amended
to 08/15/17
Vote: 9 Yes, 0 No, 0 Absent
Date: 08/15/17
Action: Failed to Enact as Amended
Vote: 4 Yes, 4 No, 1 Abstention

**KENAI PENINSULA BOROUGH
ORDINANCE 2017-17**

**AN ORDINANCE AMENDING KPB CHAPTER 5.18 TO ESTABLISH A 6 PERCENT
AREAWIDE SALES TAX ON TEMPORARY LODGING AND OVERNIGHT
CAMPING FACILITIES AND PROVIDING FOR AN EXEMPTION OF UP TO 3
PERCENT OF THE LEVY ON TEMPORARY LODGING AND OVERNIGHT
CAMPING WITHIN THE BOUNDARIES OF CITIES IN THE BOROUGH THAT LEVY
A SIMILAR SALES TAX IN ADDITION TO AN EXISTING GENERAL SALES TAX,
SUBJECT TO APPROVAL BY THE VOTERS IN THE REGULAR ELECTION ON
OCTOBER, 3, 2017**

WHEREAS, due to the continuing decline in state assistance to municipalities along with the increasing loss in property tax revenues to the borough from exemptions on real property, and due to increasing reliance on borough funding for the school district, the borough must take steps to maintain its unrestricted fund balance into the future within financially prudent and responsible parameters; and

WHEREAS, currently, 43 Alaska municipalities including cities and boroughs have a bed tax in addition to other sales taxes, with such bed tax rates ranging from a low of 4 percent to a high of 12 percent; and

WHEREAS, the Kenai Peninsula Borough and the Aleutians East Borough are the only second-class boroughs in the state without an additional sales tax on temporary lodging; and

WHEREAS, several hundred thousand visitors travel to the Kenai Peninsula each year and contribute in a large way to the area's economy but also create a large demand on public services in the borough; and

WHEREAS, other than the general sales tax, the borough currently receives no direct revenue from these visitors to the peninsula; and

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

WHEREAS, to enable the cities to levy a similar tax and allow the tax to apply evenly throughout the borough, the ordinance exempts from the borough's 6 percent temporary lodging and overnight camping facilities tax any similar additional city tax up to 3 percent so as to share revenues between the borough and cities; and

WHEREAS, "temporary lodging" is currently defined in the borough sales tax code as "a service to provide any lodging of less than one month"; and

WHEREAS, as this is an increase in the sales tax rate, voter approval is required before this could go into effect;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That KPB 5.18.100 is hereby amended 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 6 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 temporary lodging and overnight camping facilities tax as provided by Alaska Statute which shall be reported, collected, and enforced according to the terms of this chapter.

SECTION 2. That KPB 5.18.215 is hereby enacted as follows:

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

Rentals of temporary lodging within any city in the borough are exempt from the borough's 8 percent tax in an amount equal to the amount of a similar sales tax that may be levied by the applicable city in addition to the city's general sales tax, if any, up to a maximum exemption of 4 percent of the rental price.

SECTION 3. That KPB 4.18.900 – Definitions is hereby amended by adding a new paragraph (T) to read 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:

...

T. "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.

SECTION 4. That a ballot proposition shall be placed before borough voters at the regular election on October 3, 2017 to read as follows:

Shall Ordinance 2017-17, providing for the levy of a tax on temporary lodging and overnight camping facilities of up to 6 percent of the rental price, subject to existing exemptions in the borough sales tax code and an exemption of up to 3 percent in any city in the borough that levies a similar additional sales tax on temporary lodging in its boundaries, be approved? "Temporary lodging" means "a service to provide any lodging of less than one month".

Yes _____ A "yes" vote means you approve of a tax on temporary lodging and overnight camping facilities of up to 6 percent of the rental price in the borough, with an exemption of up to 3 percent in any city in the borough that levies a similar additional temporary lodging tax.

No _____ A "no" vote means you oppose a tax on temporary lodging and overnight camping facilities of up to 6 percent of the rental price in the borough, with an exemption of up to 3 percent in any city in the borough that levies a similar additional temporary lodging tax.

SECTION 5. That Sections 4 and 5 of this ordinance shall become effective immediately upon enactment of this ordinance. Sections 1, 2 and 3 of this ordinance shall become effective April 1, 2018, only if the proposition contained in Section 4 is approved by a majority of voters voting on the question in the regular election of October 3, 2017.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS *
DAY OF *, 2017.**

Kelly Cooper, Assembly President

ATTEST:

Johni Blankenship, MMC, Borough Clerk

08/01/17 vote on motion to postpone as amended to 08/15/17:

Yes: Bagley, Carpenter, Dunne, Fischer, Hibbert, Ogle, Schaefer, Welles, Cooper

No: None

Absent: None

08/15/17 vote on motion to enact as amended:

Yes: Bagley, Carpenter, Dunne, Hibbert

No: Fischer, Ogle, Schaefer, Welles

Abstention: Cooper