

# Kenai Peninsula Borough

## Finance Department

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### MEMORANDUM

**TO:** Assembly President  
Members, Kenai Peninsula Borough Assembly

**THRU:** Charlie Pierce, Mayor *CP*

**FROM:** Brandi Harbaugh, Finance Director *BH*

**DATE:** October 14, 2021

**RE:** Ordinance 2021-19-25 Appropriating Funds from the General Fund for The Purpose of Paying Costs Associated with Implementing the City of Seldovia Increase in City Sales Tax Rate From 4.5% in the Second and Third Quarter to 6.5%, Voted on by the Qualified Voters of the City of Seldovia (Mayor)

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Per Alaska Statute §29.35.170, the Kenai Peninsula Borough (KPB), a second class borough, is required to administer and collect the sales taxes imposed by incorporated cities within its boundaries. Therefore, the KPB Finance Department administers, collects and remits on a monthly basis, sales tax on behalf the City of Seldovia, along with four other incorporated cities sales taxes.

In August 2021, the KPB Finance Department was notified that the city of Seldovia was considering a change to its city sales tax rate and that a ballot proposition would be considered in the October 2021 election to change the second and third quarter sales tax rate from 4.5% to 6.5%. The city of Seldovia currently imposes a seasonal sales tax structure, where the first and fourth quarters have a city sales tax rate of 2.5% and the second and third quarters have a 4.5% rate.

The qualified voters of the city of Seldovia have passed the ballot proposition to change the second and third quarter sales tax rate from 4.5% to 6.5%.

In order to effectively implement the change to the city of Seldovia sales tax rate, the KPB Finance Department is requesting an appropriation of \$8,100 for temporary hours, postage, form changes, software changes, advertising and any other additional costs associated with the project.

Your consideration is appreciated.

FINANCE DEPARTMENT FUNDS/ACCOUNT VERIFIED	
Acct. No. <u>100.27910</u>	
Amount <u>\$8,100</u>	
By: <u><i>PP</i></u>	Date: <u>10/13/2021</u>