

# Kenai Peninsula Borough Assembly

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## MEMORANDUM

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

**FROM:** Brent Johnson, Assembly President BJ  
Brent Hibbert, Assembly Vice-President BH  
Lane Chesley, Assembly Member U

**DATE:** May 26, 2022

**SUBJECT:** Ordinance 2022-23, Amending KPB 5.18.200 and KPB 5.18.430 Relating to Borough Sales Tax to Provide an Exemption for Residential Rentals in Excess of 30 Consecutive Days to Increase the Maximum Amount of a Sale Subject to Borough Sales Tax to \$1,000, Subject to Voter Approval (Johnson, Hibbert, Chesley)

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Pursuant to Borough code, sales tax revenue is used exclusively for school purposes. Yet, sales tax revenues are insufficient to fully fund needs for school purposes, which necessitates using about half the borough mill rate for school purposes funding.

Maintenance and construction for Borough buildings has fallen behind, making it wise to sell over \$65 million worth of bonds for those needs. Providing sufficient funds to meet annual maintenance needs is the best way to take care of Borough property.

Teachers and classified employees of schools need to have sufficient pay to attract and retain the best skills in the market and to incentivize young people to choose these careers.

Emergency service areas have raised tax mill rates substantially over the past 15 years. Those dollars are needed to provide requirements for good equipment and trained personnel. But to hold down the overall mill rate, additional funds generated by sales tax is desirable.

Inflation trends ever-upward. At this time the trend is accelerated.

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Incorporated cities within the borough need additional revenue and it appears they all support raising the sales tax cap.

For these reasons, and the fact that the sales tax cap has not been raised since it was set at \$500 and adopted in 1965, the time has come to adjust the cap.

Your consideration of this ordinance is appreciated.