

**KENAI PENINSULA BOROUGH
PROPOSITION NO. 1**

REPEAL OF ORDINANCE 2008-28
(To be voted on by all borough voters)

On August 26, 2014 the Borough Clerk issued a petition to sponsors seeking to repeal Ordinance 2008-28 entitled *“An Ordinance Authorizing the General Law Cities in the Kenai Peninsula Borough to Levy and Collect Sales Taxes on Nonprepared Food Items”*.

Petition packets were returned to the Clerk on November 20, 2014. A review of the petition revealed that the petitioners had collected the requisite 1,600 signatures of qualified voters of the borough, thus requiring placement of the question on the ballot for the October 6, 2015, regular election.

History: At the October 7, 2008 regular election, the voters of the Kenai Peninsula Borough approved Proposition No. 1. This enacted Initiative Ordinance 2008-02, which exempted all sales of nonprepared food items from the borough sales tax between September 1 and May 31 each year. In other words, the ordinance prohibited the levy of sales tax on all sales of nonprepared food items from September 1 until May 31 of each year.

Under Alaska Statutes Title 29, the borough collects sales taxes levied by the borough and by cities located within the borough. Currently, that includes sales taxes levied by the cities of Homer, Kenai, Seldovia, Seward and Soldotna. As home rule cities, Kenai and Seward have the power to determine whether to apply or reject such an exemption to their city taxes. However, the general law cities, Homer, Seldovia and Soldotna may only reject this exemption if authorized to do so by borough ordinance. The borough ordinance that authorized these cities to reject the exemption and tax nonprepared foods year round is Ordinance 2008-28.

Implementation: If the referendum is approved by a majority of the voters, the cities of Homer, Seldovia and Soldotna would be required to exempt the sales of nonprepared food from sales tax as long as the borough does so, effective upon certification of the election. If the referendum is rejected then these cities may continue to tax nonprepared foods year round if they choose to do so.

BALLOT LANGUAGE

Shall ordinance 2008-28, an ordinance authorizing the general law cities in the Kenai Peninsula Borough to levy and collect sales taxes on nonprepared food items, be repealed?

YES *[A “Yes” vote will repeal Borough Ordinance 2008-28.]*

NO *[A “No” vote means that Borough Ordinance 2008-28 will remain enacted.]*