

Introduced by: Bagley  
Date: 05/01/18  
Hearing: 06/05/18  
Action: Postponed as Amended  
to 06/19/18  
Vote: 9 Yes, 0 No, 0 Absent  
Date: 06/19/18  
Action: Failed to Enact as Amended  
Vote: 4 Yes, 5 No, 0 Absent

**KENAI PENINSULA BOROUGH  
ORDINANCE 2018-20**

**AN ORDINANCE AMENDING KPB 5.18.200 TO AMEND THE SEASONAL  
EXEMPTION FROM SALES TAXES OF NONPREPARED FOOD ITEMS TO APPLY  
FROM OCTOBER 1 TO MARCH 31 OF EACH YEAR SUBJECT TO VOTER  
APPROVAL**

**WHEREAS,** initiative Ordinance 2008-01 effective January 1, 2009, exempted all sales of nonprepared food items from the borough sales tax from September 1 until May 31 each year; and

**WHEREAS,** this seasonal sales tax exemption has resulted in annual reductions in sales tax revenues of approximately \$3,108,941 in fiscal year 2012, \$3,179,398 in fiscal year 2013, \$3,335,187 for fiscal year 2014, \$3,563,600 for fiscal year 2015, \$3,612,416 for fiscal year 2016, \$3,486,222 for fiscal year 2017, and a projected amount of \$3,521,084 for fiscal year 2018; and

**WHEREAS,** due to the continuing reduction in oil revenues it is anticipated that the borough will continue to see significant reductions in school funding, capital project grants and appropriations from the state; and

**WHEREAS,** the borough has been cutting costs but additional revenues are needed to continue funding education and fund other borough operations; and

**WHEREAS,** reducing the seasonal nonprepared food sales tax exemption from 9 months to 6 months will increase revenues for the borough and general law cities and help enable the borough to eliminate the budgetary shortfall and still leave the exemption in place for six months; and

**WHEREAS,** changing the exemption period to coincide with typical quarterly filing periods will help the sellers administer the exemption; and

**WHEREAS,** as the voters first approved this exemption by initiative it is appropriate to seek voter approval to amend it;

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

**SECTION 1.** That KPB 5.18.200(15)(d), providing for a seasonal exemption of nonprepared food from sales taxes, is hereby amended as follows:

**5.18.200. Exemptions/waivers – Exemptions.**

...

15. Retail sales of food are exempt in the following circumstances:

- ...
- d. Exemptions/waivers - Sales of nonprepared food items by sellers authorized to participate in the federal food stamp program and by convenience stores. Sales tax is prohibited on sales of nonprepared food items sold by sellers authorized to participate in the federal food stamp program and by convenience stores from ~~[SEPTEMBER]~~ October 1 until ~~[MAY]~~ March 31 of each year. These food items exempted from sales tax include those which have been previously granted exemption in KPB 5.18.200(14) for food purchased with coupons issued under the federal food stamp program. "Convenience store" means a small retail business that stocks a range of everyday items such as groceries, snack foods, confectionery, toiletries, soft drinks, tobacco products, magazines and newspapers, with those items providing the majority of the store's sales.

...

**SECTION 2.** That a ballot proposition shall be placed before borough voters at the regular election on October 2, 2018 to read as follows:

Shall Ordinance 2018-20, amending KPB 5.18.200 to amend the seasonal exemption from sales taxes of nonprepared food items to apply for six months, from October 1 to March 31 of each year instead of for nine months, from ~~September 1~~ September 1 until May 31, be approved?

Yes \_\_\_\_\_ A "yes" vote means you approve of amending the seasonal sales tax exemption of nonprepared food items to apply for six months, from October 1 to March 31 of each year. Instead of for nine months, from September 1 until May 31 of each year.

No \_\_\_\_\_ A "no" vote means you oppose amending the seasonal exemption of nonprepared food items from sales taxes to apply for six months, from October 1 to March 31 of each year. Instead of for nine months, from September 1 until May 31 of each year.

**SECTION 3.** That Sections 2 and 3 of this ordinance shall take effect immediately upon its enactment. Section 1 of this ordinance shall take effect April 1, 2019 only if the proposition contained in Section 2 of this ordinance is approved by a majority of voters voting on the question in the regular election of October 2, 2018.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS \*  
DAY OF \* 2018.**

\_\_\_\_\_  
Wayne H. Ogle, Assembly President

ATTEST:

\_\_\_\_\_  
Johni Blankenship, MMC, Borough Clerk

Vote on Motion to Postpone to 06/19/18:

Yes: Bagley, Blakeley, Carpenter, Cooper, Dunne, Fischer, Hibbert, Smalley, Ogle

No: None

Absent: None

06/19/18 Vote on motion to Enact as Amended:

Yes: Bagley, Blakeley, Carpenter, Hibbert

No: Carpenter, Cooper, Dunne, Fischer, Ogle

Absent: None