

KENAI PENINSULA BOROUGH

Kenai Peninsula Borough Assembly

144 North Binkley Street
Soldotna, AK 99669
Phone 907-714-2160
Fax 907-714-2388

Kelly Cooper, Assembly President
Wayne Ogle, Vice President

MEMORANDUM

TO: Kelly Cooper, Assembly President
Kenai Peninsula Borough Assembly Members

FROM: Dale Bagley, Assembly Member *DLB*

DATE: May 4, 2017

RE: Ordinance 2017-*11*, Amending KP.B 5.18.200 to Change the Seasonal Exemption from Sales Taxes of Non-Prepared Food Items to Apply From October 1 to March 31 of Each Year (Bagley)

Due primarily to the major decline in oil revenues the state government is facing an enormous budget deficit for the third year in a row. The state legislature is proposing sizeable cuts to the state budget, many of which are expected to seriously impact the borough and the cities in the borough.

To offset some of that impact, I am proposing that the seasonal exemption from sales tax for non-prepared foods last for six months instead of nine months. Additionally this would change the dates to coincide with quarterly filing dates to ease the administration of this exemption.

It is estimated this change would increase annual sales tax revenues to the borough by \$1.3 million.

I realize the voters have considered this seasonal sales tax exemption for groceries several times in the last 10 years. However, the current fiscal climate is substantially different from those years, and these funds are needed to continue with local government services by both the cities and the borough. This would enable the borough to increase its revenues while still enabling the residents to benefit from the exemption for six months of the year, from October 1 through March 31.

A hearing on shortened time is being requested to coincide with the budget ordinance and mill levy resolution to be heard on June 6, 2017.

Your support of this ordinance would be appreciated.