

eComments
O2018-24

rich fetterhoff

Location:

Submitted At: 2:44am 05-22-18

Please vote no on the bed tax!! This unfairly targets the accommodations industry!! rich and Amy fetterhoff

Teresa Cosman

Location:

Submitted At: 12:50am 06-20-18

Dear Assembly Members,

Around the country, bed taxes historically have been meant to support economy boosting projects such as Anchorage's Visit Anchorage Convention and Visitor Bureau, and operations of the Anchorage Convention Center (<https://www.anchorage.net/about-visit-anchorage/bed-tax-faqs/>) However, Anchor Point will not receive any reciprocal benefit or any portion of the bed tax funds in such a capacity. As one lodging owner stated to me, "Bed tax should be referred to as a tourism development tax as it is originally intended."

The lodging industry already collects and pays a huge amount of borough sales tax since there is not a cap on nightly lodging. Why is the Assembly even considering putting further burden on our lodging industry when the monies collected will not meet the \$4 million deficit?

Anchor Point has a fragile economy heavily reliant on a combination of tourism and Alaskan/borough resident tourism. 12% bed tax (9% increase) has a more than likely chance of devastating the Anchor Point tourist industry and therefore the local economy. There is a school of thought that a bed tax would be easier to levy because you are only taxing tourists / people who don't live in the borough, but my business is open year-round and provides services to the locals and their families and friends in addition to tourists. The extra amount of tax just in the off-season alone will be a burden to most locals needing lodging for themselves, family, and friends. In addition, visitors expect "bang for their buck", charging more tax without added tourist industry benefits specific to the local area for visitors cannot be justified.

Anchor Point businesses have a symbiotic relationship. What impacts the lodging businesses will also have a significant impact on the other businesses (stores, gas stations, fishing charters, tractor launch, laundromat, etc.) There has been a lot of talk over the years about instituting a bed tax on the peninsula. Most of what I have read points out the impact to the larger communities and/or incorporated cities and the benefits to the borough, but where is the consideration for the smaller unincorporated communities like Anchor Point who are being asked to bear the same burden as cities such as Homer, but who don't have the same resources at their disposal? Don't throw the baby out with the bath water. It may seem that such a tax is a drop in the bucket, but it is the ripples that leave a long-lasting impact on small areas such as Anchor Point. We are already in direct competition with larger communities like Homer to grow tourism in Anchor Point. The ripples of such a tax on an area like Anchor Point, no matter how temporary, could take years to settle, at which point the damage is already done to the tourist industry. The Anchor Point tourist industry is still recovering with regard to fishing in the Anchor River. Already, as of 29 May the Alaska Department of Fish and Game has implements closures for king salmon sport fishing on the Anchor River and Ninilchik Rivers Deep Creek Drainages 2 June through 15 July. Recently the Anchor River has been closed to all sport fishing. The closure now runs through 31 July. We will most certainly suffer financially from this alone.

I have heard some of the Assembly members support the idea of letting the voters decide. However, reality is that the vote would be askew. Below are some examples of this:

eComments
O2018-24

- Voters who don't thoroughly do their 'homework' will most likely vote for the lodging industry to bear all of the burden versus everyone sharing a little bit of the burden because they believe they will not be impacted
- Voters who decide not to vote at all
- People who will be directly impacted because they own a local lodging business as well as those indirectly impacted because they own other types of businesses but are not able to vote because they are not Alaska / Kenai Peninsula Borough residents
- Cities who will be voting on behalf of all of us, but do not fully understand the impact to smaller communities because they do not face the same challenges we do
- People who work for lodging or tourist industry businesses who are impacted by such votes, but are not able to vote because they are not Alaska / Kenai Peninsula Borough residents

In a meeting with Willy Dunne at the Anchor Point Chamber of Commerce on Wednesday, 30 May, he stated he would not support the 12% bed tax if the 1/2% sales tax increase had been voted in on 5 June. Is he now supporting the 12% bed tax?

A 12% bed tax that singles out one small entity to carry the whole of the deficit burden, does not recoup the whole of the deficit burden, and does not proportionately provide funds directly to the community paying the increased bed tax to invigorate the local economy and tourist industry (therefore, negatively impacting the economy of said community) should not be considered as a viable option.

Sincerely,
Teresa Cosman
Sleepy Bear Cabins LLC
907-235-5625

James Lavrakas

Location:

Submitted At: 10:59pm 06-19-18

We enthusiastically support the proposed borough-wide 12% Temporary Lodging Tax and would like to have the opportunity to actually vote on this issue. Arguments against this much needed tax revenue from Accommodations businesses in the Borough are specious and short-sighted. People from all over the world expect, and are willing to pay, a "bed tax" when visiting a vacation destination.

How do I know this as a fact? Because I personally expect, and am willing to pay, this form of tax whenever I vacation! Any argument otherwise is ignoring what has become the norm for visitors when planning a vacation, and as a standard form of revenue for cities.

Let's have visitors to the Kenai Borough help pay for services residents demand. Many other boroughs in Alaska (any many cities on the Kenai Peninsula) have some sort of "bed tax" that gets visitors to help pay for services. How can Homer businesses hold the rest of the Borough hostage on this issue? Please let us vote on this.

Jim & Ruth Lavrakas / Homer

eComments
O2018-24

Don Cotogno

Location:

Submitted At: 7:56pm 06-19-18

The reality is this Bed Tax is not only a tax on beds it is in fact a theft of revenue to ALL businesses that depend on tourists. No one can possibly think that if you have to pay \$120 in taxes for your lodging you are not going to reduce your spending someplace else by \$120. When you go on vacation, you have a budget. There is "X" amount of dollars to spend, no more, no less. If the money goes for taxes, so be it, but it won't be spent in Restaurants, Gift Shops, Tours etc. This not only hurts the vendors, but also reduces sales taxes. Have any of you considered that?

Michelle Dix

Location:

Submitted At: 1:40am 05-22-18

As the owners of the Kenai River Lodge, we are completely against the new bed tax. The local lodging industry is only a portion of who benefits from tourism. Many industries, such as the taxis, real estate agencies, car rentals, fishing guides, food establishments, gas stations and on and on benefit from the tourism. A majority of our fall, winter and spring clients are from in-state. It would be a huge burden to the local clients of the Kenai Peninsula who have to travel to Soldotna to have Cancer treatments. These customers have to spend a lot of money for their medical treatment and they aren't wanting or able to pay an even bigger amount in taxes.

If we establish a bed tax, we will see these clients stay less days, or drive home the same day. We already have a no cap on sales tax for lodging. Clients are taxed on the total amount of their stay. A bed tax would just become a burden to the lodging establishment; it wouldn't become a pass through tax.

If there needs to be a new tax, it should be a burden to everyone, not just a few who already have it hard to survive. How about having an extra sales tax, for all establishments, in the summer months? This way everyone pays. Since there are a few city council members that are really pushing for the bed tax, maybe you should look at an extra tax on real estate transactions for out of state clients. Or an extra tax on taxi cabs in the summer.

They do benefit from tourism, also. Targeting one industry isn't fair, and can hurt our lodge bookings.

It's always easy to put the burden on the small section of an industry, verses being fair about it. We also pay a high property tax, and utilities throughout the whole year. Losing in state clients throughout the rest of the year will put a toll on our establishment. You have fish guides that make the money here in the summer and live out of state for the rest of the year. They benefit from tourism. Putting a bed tax on the local lodging establishments is just a bad decision.

Please try to consider the people that actually contribute to the community all year.

Thank You
Rolf & Jackie Manzek
Michelle Dix

eComments
O2018-24

Adrienne Sweeney

Location:

Submitted At: 1:04am 05-22-18

Dear Assembly Members,

Once again, I am writing to oppose this 12% bed tax. I struggled each year to stay open year round. This has been the worst May/June in recent history with sales down 15% an added 12% tax to sales next year will certainly hurt in this economic climate and I may be forced to shut down 8 months out of the year. My summer guests are 65% Alaskan and my winter guests are over 90% Alaskan they are already burdened with high taxes and most of them cannot afford to pay more.

Many folks in the Borough don't realize that Lodging already pays above and beyond because our customers are not capped; which means they already pay more, sometimes double and triple.

This bed tax does not close the gap and only generates just over \$3 million while several broad based proposals actually close the gap. This is a huge gamble as this went to the voters before and was voted down by almost 10%. Many voters get the economic impact of taxing someone else and the reduction it can have on sales for local businesses. While many folks believe that it's just a pass through tax they don't understand that there are only so many \$'s to be spent so visitors will just stay one less day, pay for one less meal, and buy one less tank of gas.

I would support a broad based tax similar to the 1/2% increase in sales tax or a broad based seasonal/tourism tax. However, I cannot support this bed tax on a small industry in an area that is burdened by being so far away from Anchorage; as we already have trouble getting folks to drive the extra hours to get here.

Lastly, we all know that when you vote to tax a small segment that it is very easy to increase that tax quickly in a short amount of time. For example, this bed tax proposal has ranged from 2% to now 12% over the years; once in place there will be nothing to prevent it from increasing at a whim with the government spending; a small industry can't out vote people who want to tax others once in place.

Please oppose this bed tax.

Respectfully,
Adrienne Sweeney
Driftwood Inn
135 Bunnell Ave
Homer, AK 99603

Marcia Kuszmaul

Location:

Submitted At: 6:22am 05-21-18

The Homer Bed & Breakfast Association represents more than 25 temporary lodging businesses from Anchor Point, Homer and Fritz Creek areas with the capacity to host more than 400 nightly guests. We are following this issue closely and would like the following concerns addressed:

eComments
O2018-24

-- What is the borough doing to ensure sales tax is being collected and remitted from everyone offering temporary lodging now? Airbnb shows more than 300 properties in the Homer area. VRBO nearly 200 properties. Are all of these establishments charging and paying sales tax? At an average rate of \$243/night, these should yield more than \$1 million in sales tax to the borough. At one point, Airbnb was to begin collecting and paying sales tax to the borough. Has this started? Are individuals who are renting out their spare bedrooms, front lawns and apartments paying up? Our concern is that legitimate lodging enterprises who are collecting and paying sales tax will bear the burden of this higher tax and end up having to charge higher rates while those individuals who are opportunistically renting out properties or rooms will still not pay anything and be able to offer lower rates. Alaska state statutes require anyone conducting business in the state to have a business license and to comply with all state and local regulations.

-- We already are paying more than our fair share of sales tax as our sales tax is calculated on a daily basis, not on a single purchase. Is there any consideration for temporary lodgings to pay based on the value of a single reservation transaction rather than the daily rate?

-- A "tourism tax" has been proposed that could be lower and be spread across more business segments -- fishing charters, bear viewing, seasonal businesses (many taking their earnings out of state), etc. Why not explore a lower tax across a broader base? An additional 1% to 2% tourism tax that would include big ticket experiences would net more revenue than a 12% tax on lodging. No one will not go on an adventure for an additional \$6 to \$12. While an extra \$20/night bed tax will make people pause and suddenly make all the legitimate accommodations in the area seem much more expensive. Other communities (such as South Dakota -- <http://dailycaller.com/2013/01/29/south-dakotas-tourism-tax-becomes-permanent/>) have been successful in creating a tourism tax, however, this Borough assembly seems reluctant to even consider its merits.

-- The temporary lodging tax would be used ONLY FOR EDUCATIONAL purposes. Not a single cent would be designated toward tourism development. The argument is that this would free up other borough funds to "offset these visitor costs and maintain the fund balance." The likelihood of any benefit coming to tourism is very, very slim. At minimum, a sizeable portion of any potential tax should be reserved for tourism development. Today, the 12 percent bed tax in Anchorage is split three ways: One-third goes to MOA's general fund; one-third services the bond debt and operations of the Anchorage Convention Centers; and one-third supports the marketing functions of Visit Anchorage. The borough should not tax visitors to pay for essential services, especially not at a rate that could discourage people (including in-state visitors) from coming here.

-- The borough's attempt to raise the antiquated cap on sales tax has not, as yet, been supported by local voters, but the assembly cannot give up on this and redouble its efforts to educate the community to this reality. It is the most reasonable and fair way to increase a legitimate revenue stream and ensure that local residents fund local services. Borough residents will continue to benefit from sales of goods and services to visitors and the growth of tourism, which drives so many of our businesses, but we must not become so dependent on the "kindness of strangers" for essential services.

Respectfully submitted,

Marcia Kuszmaul
President, Homer Bed & Breakfast Association
Owner, Juneberry Lodge, Homer

eComments
O2018-24