

Kenai Peninsula Borough Assembly

MEMORANDUM

TO: Wayne Ogle, Assembly President
Kenai Peninsula Borough Assembly Members

FROM: Kelly Cooper, Assembly Member *(B) for K.L.*

DATE: February 22, 2018

RE: Ordinance 2018- 12, Increasing the Borough Sales Tax Rate from 3.0 Percent to 3.5 Percent by Amending KPB 5.18.100, Subject to Approval by the Voters in the Regular Election on October 2, 2018 (Cooper)

The borough is challenged with solving a budget deficit of approximately \$4,000,000. This ordinance would address the budget shortfall in a way that broadens the potential impact on borough businesses. I believe a broad based tax that is collected from everyone is a better solution than targeting a small group. The accommodations and charter fishing industry is already effectively exempt from the cap due to the per person per day computation requirements and is therefore already collecting more sales tax than other businesses.

Increasing the sales tax from 3.0 percent to 3.5 percent will increase the borough's revenues without stifling the economy. The anticipated yearly revenue from the .5 percent increase in sales tax is \$5,000,000.

This is an important step toward reaching a balanced, responsible budget. The shortfall cannot be solved by cuts alone. The borough needs to look to both create new revenue sources and to broaden the impact of taxes levied so that a small proportion of the population is not overburdened by the impact of local government taxes.