

Fiscal Note

Kenai Peninsula Borough Fiscal Year 2023	Ordinance/Resolution: Fiscal Note Number: Publish Date:	Ord 2022-XX 2022-002 X/XX/XX
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Title: Increasing the sales tax cap from \$500 to \$1,000, and exempting residential rentals in excess of 30 days from sales tax. EFFECTIVE 1/1/2023-3/31/2023	Department: Assembly
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Sponsor(s): Assemblymembers Johnson, Chesley & Hibbert

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

	Current Year Estimate	Year 2 Estimate	Current Year Estimate	Year 2 Estimate
	<u>FY23</u>	<u>FY24</u>	<u>FY23</u>	<u>FY24</u>
Operating Expenditures to Borough				
Personnel	6,900	-	-	-
Supplies	500	-	-	-
Services	50,000	2,000	-	-
Capital Outlay	-	-	-	-
Other	-	-	-	-
Total Operating + Capital Cost to Borough	57,400	2,000	-	-

Revenue Sources	Estimated Additional Revenue as a result of Raising Max Cap from \$500 to \$1000 (not including Residential Rents>30 days)		Estimated Reduction in Revenue as a result of Exemption of Residential Rents > 30 days	
	<u>FY23 (partial yr)</u>	<u>FY24</u>	<u>FY23 (partial yr)</u>	<u>FY24</u>
	Borough	\$1.3-1.5 million	\$3.0-3.5 million	(\$302,000-375,000)
Kenai	\$180,000-200,000	\$423,000-470,000	(\$55,000-72,000)	(\$130,000-165,000)
Homer	\$415,000-460,000	\$965,000-1.2 million	(\$112,000-140,000)	(\$260,000-325,000)
Seldovia	\$2,200-2,500	\$5,200-5,875	(\$335-425)	(\$775-990)
Seward	\$120,000-135,000	\$285,000-315,000	(\$40,000-50,000)	(\$95,000-115,000)
Soldotna	\$130,500-145,000	\$305,000-340,000	(\$44,000-55,000)	(\$102,000-125,000)
Total	\$2.1-2.4 million	\$5.0-5.8 million	(\$553,335-692,425)	(\$1.3-1.6 million)

Number of Positions				
Full-Time				
Part-Time				
Temporary	1			

Estimated Supplemental Funding:	57,400	2,000
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ASSOCIATED REGULATIONS

Will the legislation result in procedural or regulation changes within a department? N (circle one)

If yes, by what date are the regulations to be adopted, amended or repealed? 1/1/2023

Supplemental appropriation will be needed to change the sales tax form, make changes to the sales tax software, train staff and taxpayers and other implementation cost

Prepared By: Brandi Harbaugh, Finance Director