

KENAI PENINSULA BOROUGH

Kenai Peninsula Borough Assembly

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Dale Bagley, Assembly President
Sue McClure, Vice President

MEMORANDUM

TO: Dale Bagley, Assembly President
Kenai Peninsula Borough Assembly Members

FROM: Dale Bagley, Assembly Member *DLB*

DATE: March 5, 2015

RE: Substitute Ordinance 2015-03, An Ordinance Amending KPB 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

I propose this substitute ordinance that, instead of repealing the seasonal sales tax exemption for nonprepared food, would keep it in effect for six months of the year. Also, it changes the exemption dates to line up with standard quarterly filing dates. This would simplify the efforts required of sellers to administer this exemption.

Although the state is facing a significant budget deficit I think the first year's reduction in municipal revenue sharing will not be as large as projected future reductions. With this change the borough should have the ability to maintain an adequate level of funding for FY16. Future funding for capital projects, the school district and revenue sharing is expected to continue to decline.

The voters have approved this seasonal sales tax exemption for groceries twice in the last six years. For the assembly to completely eliminate this exemption would be contrary to their wishes. Instead, this is a compromise that 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.

Your support of this substitute would be appreciated.