

KENAI PENINSULA BAR ASSOCIATION

April 3, 2015

Dale Bagley, President
Kenai Peninsula Borough Assembly Members
Kenai Peninsula Borough Assembly
144 N. Binkley St.
Soldotna, Alaska 99669

FAX: 714-2388

Re: KPB Ordinance 2015-09, Amending Sales Tax Code to Increase Sales Tax

Dear Borough Assembly Members:

The Kenai Peninsula Bar Association, a voluntary bar association which consists of attorneys who practice on the Kenai Peninsula, is opposed to KPB Ordinance 2015-09. This ordinance will harm consumers of legal services, and the small businesses that provide these services. During this period of economic instability, the Borough should not be raising taxes or adopting ordinances that harm small businesses.

All of the private law firms with offices on the Kenai Peninsula are small firms, with 2-5 lawyers and staff. These firms provide essential services to large businesses, other small businesses, and individuals with legal needs on the Kenai Peninsula. Under the current Borough sales tax code legal services are subject to sales tax, while other professional service providers, such as doctors and psychologists are exempt. In addition, the Borough sales tax code requires that lawyers charge monthly sales taxes on their bills, even when the services are for the same matter, while most other vendors are exempt from this requirement. The Borough sales tax code puts local attorneys at a competitive disadvantage with Anchorage lawyers, who provide services to Kenai Peninsula residents but charge no sales tax.

Ordinance 2015-09 will only add to this unfair sales tax burden. Many legal services are "flat fee", and such services will now be more expensive. Clients with monthly bills could see as much as a \$360.00 per year sales tax increase.

Legal services are often not voluntary: defendants in criminal and civil cases must obtain legal counsel or suffer imprisonment or large money judgments against them. People who are getting divorced must go through the Alaska Court System, and it is very difficult to obtain a fair outcome without a lawyer. Unlike other consumers, these clients cannot simply avoid the sales tax by deciding not to obtain legal services.

The sales tax code is a jumble of exemptions that exist because of lobbying by special interest groups. As a result, the businesses and industries which are exempt from sales taxes have a competitive advantage over the businesses and industries which are not exempt. This competitive advantage will increase under Ordinance 2015-09, and that is just not fair.

For the above reasons, we hope you will vote to not introduce this ordinance; or, at least, table it until a Sales Tax Committee of the Assembly has a chance to look at bringing some fairness to the Borough sales tax code. If the Borough is in such a fiscal crisis, then please look at a more fair way of obtaining that revenue than Ordinance 2015-09.

In addition, we were surprised to see that this ordinance appears to be on the fast track, with no outreach to the businesses and consumers affected by it. It was just by chance that our organization found out that this ordinance was up for introduction in a few days. Usually an ordinance with major changes such as Ordinance 2015-09 has a longer time between introduction and vote. We request that the Assembly set the hearing date for some time in June 2015, to give other small business owners a meaningful opportunity to comment on this ordinance.

Thank you for your consideration of these points.

Very truly yours,



KRISTINE A. SCHMIDT, President
KENAI PENINSULA BAR ASSOCIATION

Blankenship, Johni

From: Mary Griswold <mgrt@xyz.net>
Sent: Saturday, April 04, 2015 12:09 PM
To: Wolf, Kelly; Gilman, Blaine; Ogle, Wayne; Bagley, Dale; Welles, Stan; McClure, Sue; Johnson, Brent; Cooper, Kelly; Haggerty, Mako; Blankenship, Johni
Subject: Ord 2015-09 Raising the Cap on Sales Tax Computation

(Please include for Public Comment)

I urge you to support introduction and approval of Ordinance 2015-09 Raising the cap on sales tax computations to \$1000 and equally importantly: adjusting it for inflation. This is a long-overdue common sense proposal to help alleviate our revenue shortfall and should be instituted before further considering removing or decreasing the months of seasonal sales tax exemption on non-prepared foods. Let's give this new cap a chance before imposing a regressive hardship on our residents.

Thank you for your consideration.

Mary Griswold
Homer