

Introduced by:

Cox, Hibbert

Date:

06/18/24

Action:

Vote:

**KENAI PENINSULA BOROUGH  
RESOLUTION 2024-029**

**A RESOLUTION PLACING AN AREAWIDE QUESTION ON THE OCTOBER 2024  
BALLOT ASKING WHETHER THE BOROUGH SHOULD LEVY UP TO A 12  
PERCENT TAX ON SHORT-TERM ACCOMMODATION RENTALS AND  
OVERNIGHT CAMPING FACILITIES, EXEMPT THESE RENTALS FROM THE  
GENERAL SALES TAX, AND PROVIDE THAT ALL CITIES WITHIN THE KENAI  
MAY EXEMPT UP TO ONE-HALF OF THE BOROUGH'S TAX ON THESE RENTALS**

**WHEREAS,** the Kenai Peninsula Borough ("borough") must raise revenue to protect the general fund which is declining because of losses in tax revenues due to our generous borough tax exemptions, to the continuing decline in state assistance to municipalities, and to the increasing reliance on borough funding for education; and

**WHEREAS,** currently, 49 Alaska municipalities including cities and boroughs have a short-term accommodation rentals tax, also referred to as a room tax, bed tax or short term lodging rental tax, in addition to other sales taxes, with such bed or lodging tax rates ranging from a low of 4 percent to a high of 12 percent; and

**WHEREAS,** of the 19 organized boroughs in Alaska only the Kenai Peninsula Borough, Aleutians East Borough, North Slope Borough, and North West Arctic Borough do not utilize an additional tax on short-term accommodations; and

**WHEREAS,** of the 5 most populated boroughs in Alaska (Anchorage Borough, Matanuska-Susitna Borough, Fairbanks North Star Borough, Kenai Peninsula Borough, and Juneau Borough) only the Kenai Peninsula Borough is without an additional sales tax on short-term accommodations; and

**WHEREAS,** like the other 4 most populated boroughs in Alaska, the economy of the Kenai Peninsula Borough relies heavily on the several hundred thousand visitors who travel to the Kenai Peninsula each year; and

**WHEREAS,** this many visitors create a large demand on public services offered within the borough, which impact borough services including solid waste, roads, recreational & senior citizen services, 911 & emergency services, hospital services, and disaster services; and

**WHEREAS** a short-term accommodation rentals tax would be defined to include a rental that is less than one month in duration; and

**WHEREAS,** a short-term accommodation rentals tax of 12 percent is estimated to generate an additional revenue of approximately \$1,960,000 in FY2026, \$5,600,000 in FY2027, and \$5,600,000 in FY2028, not including any revenue collected from overnight camping facilities; and

**WHEREAS,** the estimated operating and capital cost to implement and collect a short-term accommodation rentals tax of 12 percent is \$1,105,711 in FY2026, \$313,117 in FY2027, and \$318,680 in FY2028; and

**WHEREAS,** the tax cap of \$500 on sales in the borough outlined in KPB 5.18.430 will not apply to the tax levied on any short-term accommodations; and

**WHEREAS,** to enable the cities to levy a similar tax and allow the tax to apply evenly throughout the borough, the intent would be for the ordinance that enacts the levy and code will exempt from the borough's 12 percent short-term accommodation rentals tax an amount equal to a similar city tax of up to one-half of the borough's tax on such rentals; and

**WHEREAS,** this resolution puts the question on the ballot, if approved, the borough would then follow-up with a short-term accommodation rentals and overnight camping facilities chapter of borough code, which will provide the levy, implementation, and process and procedure for the tax including specifically authorizing all cities within the borough to levy a short-term accommodation rentals tax, pursuant to AS 29.45.700(a), via future ordinance;

**NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:**

**SECTION 1.** That a ballot proposition shall be placed before borough voters at the regular election held on October 1, 2024 to read as follows:

Shall the Kenai Peninsula Borough levy a tax of up to 12 percent on short-term accommodation rentals and overnight camping facilities, exempt such rentals from the general sales tax, and provide that all cities within the Kenai Peninsula Borough may exempt up to one-half of the Borough's short-term accommodations tax?

Yes \_\_\_\_\_ A "yes" vote means you approve of a borough tax on short-term accommodation rentals and overnight camping facilities of up to 12 percent that will remove the general sales tax on these rentals.

No \_\_\_\_\_ A "no" vote means you oppose a borough tax on short-term accommodation rentals and overnight camping facilities of up to 12 percent that will remove the general sales tax on these rentals.

**SECTION 2.** That, if approved by a majority of the qualified voters voting on the quest, the intent would be to follow-up by enacting a new chapter of KPB Code, the code will:

- 1) Establishes a borough tax of up to 12 percent on short-term accommodations or rentals, and overnight camping with no daily sales cap of \$500;
- 2) Exempts short-term accommodations and overnight camping rentals from the current borough general sales tax of 3 percent;
- 3) Exempt any similar tax levied by a city. This exemption in the cities cannot exceed one-half of the borough’s short-term accommodations tax on these rentals;
- 4) Allow cities that levy a similar sales tax on short-term accommodations and overnight camping to exempt up to one-half of the borough’s tax on these rentals with the intent of helping to level the short-term accommodations rates inside and outside of the cities in the borough;
- 5) Define “Short-term accommodation rentals”.
- 6) Define “Overnight camping facilities”.
- 7) Is effective January 1, 2026.

**SECTION 3.** That this resolution takes effect immediately.

**ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS \* DAY OF \*, 2024.**

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Brent Johnson, Assembly President

ATTEST:

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Michele Turner, CMC, Borough Clerk

Yes:

No:

Absent: