

02019-09

From: Blankenship, Johni
Sent: Friday, June 07, 2019 9:37 AM
Cc: Pierce, Charlie; Baisden, James; Harbaugh, Brandi; Turner, Michele
Subject: FW: <EXTERNAL-SENDER>For the Assembly, thanks!

From: Carol Griswold [mailto:cgriz@ak.net]
Sent: Friday, June 07, 2019 9:23 AM
To: Blankenship, Johni <JBlankenship@kpb.us>
Subject: <EXTERNAL-SENDER>For the Assembly, thanks!

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Dear Assembly,

I was very happy to learn that the borough purchased the software to track nightly lodgings to discover who is not paying sales tax. I urge the Assembly to require Airbnb, TripAdvisor, and other on-line reservation services to automatically remit taxes to the borough like South Dakota. <https://www.airbnb.com/help/article/2329/occupancy-tax-collection-and-remittance-by-airbnb-in-south-dakota>

South Dakota charges a 1.5% Tourism Tax, which might be of interest to the borough and resolve complaints about temporary lodging being unfairly targeted. It applies to hotels and lodging establishments, campgrounds, motor vehicle rentals, recreational equipment rentals, recreational services, spectator events, visitor attractions, and visitor-intensive businesses.

http://dor.sd.gov/Taxes/Business_Taxes/Publications/PDFs/Tax%20Facts/Tourism.pdf

I support a bed tax, and pay 4% bed tax to the City of Seward in addition to the 4% city sales tax and 3% borough sales tax on my nightly lodging.

Thank you,

Carol Griswold

Seward

From: Jan-Ake Schultz <jaischultz2@yahoo.com>
Sent: Sunday, June 09, 2019 1:45 PM
To: G_Notify_AssemblyClerk; Smalley, Hal; Ogle, Wayne; Bagley, Dale; Blakeley, Norm; Carpenter, Kenn; Fischer, Paul; Cooper, Kelly; driftwoodinn@alaskan.com
Subject: <EXTERNAL-SENDER>Bed tax

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Hello

I would like to remind all concerned parties that there are some Airbnb and VRBO rental owners who pay the sales tax and have done so since opening; day one. I agree that enforcing current laws is the first step in keeping the playing field level. Significant funds go from my guests to the borough each quarter and few services come back. Airbnb and VRBO are platforms that allow my business to function. Without them I will close. Its as simple as that. I am proud to offer my guests a remote Alaska experience without the expense of a float plane or water taxi, or the time commitment of a sustained hike. That is the best of Alaska they are looking for on their all too brief vacations. They have budgets and they send friends back.

I understand it is difficult for governments to keep up with novel changes in online trends. But because some lodging providers claim ignorance of the law is no reason to speak poorly and in sweeping generalities about an entire class of highly sought after vacation options.

Enforce the current laws and don't expect tourism to fund the entire KPB government.

Jan-Ake Schultz
Owner
The Cabins at Kenai Lake

From: Ridgewood Lodge Info <info@ridgewoodlodge.com>
Sent: Sunday, June 09, 2019 10:26 AM
To: G_Notify_AssemblyClerk; Hibbert, Brent; Smalley, Hal; Ogle, Wayne; Bagley, Dale; Blakeley, Norm; Carpenter, Kenn; Phillip Fields & Marian Loftin; Cooper, Kelly; Dunne, Willy; exdir@homer.alaska.org; clerk@cityofhomer-ak.gov
Subject: <EXTERNAL-SENDER>Please Reject 12% Bed Tax

CAUTION: This email originated from outside of the KPB system. Please use caution when responding or providing information. Do not click on links or open attachments unless you recognize the sender, know the content is safe and were expecting the communication.

To Whom It May Concern:

Our names are Kevin & Lucinda Sidelinger, and we own Alaska's Ridgewood Wilderness Lodge in Halibut Cove. We are writing to ask all Borough Assembly Members to REJECT the new 12% borough-wide bed tax that was introduced to the Kenai Peninsula.

We are firmly against this proposal as lodgings and accommodations in our area already pay significant taxes and fees just to keep their doors open. As Lynda Paquette pointed out on the Kenai Peninsula Borough online forum, outlying businesses do not benefit in any way from the taxes we already pay, ie paved roads, ambulance services or access to the fire department. Seasonal businesses especially have a small window in which to make their yearly income, and the possibility of losing guest nights due to visitors budgeting for an additional bed tax is disheartening, to say the least.

Please show your support of the small lodging businesses in our area by standing against this bed tax in the hearing on June 18th.

Thank you for your time,

Kevin & Lucinda Sidelinger
www.ridgewoodlodge.com
info@ridgewoodlodge.com
(907) 296-2217

From: Kenai Peninsula Borough <webmaster@borough.kenai.ak.us>
Sent: Sunday, June 09, 2019 8:55 AM
To: BoroughAssembly
Subject: New Public Comment to Assembly Members

Your Name: Shelly Erickson

Your Email: shellyhro31@gmail.com

Subject: Tourism tax/bed tax

Message:

I am really concerned about the tourism/bed tax issue. There are already complications for the business owners with the tourism tax. While on paper the tax for tourism looks simple, but when it comes to the per day for package excursions, from the business owners I've talked to, it becomes really complicated, time consuming and difficult within the rules for billing the client. This is an issue. Adding an additional bed tax, while it appears to be simple... just adds to the complexity of our tourism tax issues.

I would urge the Assembly to fix this issue in the fall for 2020, address the bed tax after the tourism tax is reviewed and issues addressed. You will get much farther with a bed tax if you take this approach. Talk to the Homer businesses that are dealing with the complexity of the sales tax regulations.

On the other had - if you put everyone back on the same playing field in sales tax collection with no per day fee and just raise the cap on the sales tax, we would simplify for the business owner, and make it consistent.

The business owners collection of sales tax is costly for them already. The cost of credit card fees on sales tax is the burden of the business, along with the many hours for an employee to deal with the many exemptions and issues related to their sales. It would be in the best interest of the borough to work with the major tourism segments to come up with how to simplify and address the issues that complicate their business due to the sales tax and still maintain the income.

Thank you



Mr. Wayne Ogle, President
Kenai Peninsula Borough Assembly

June 10, 2019

re: Kenai Peninsula Borough Assembly Proposed Ordinance 2019-09

Dear President Ogle,

I am writing on behalf of the Homer Chamber of Commerce Board of Directors in opposition to Ordinance 2019-09. The Chamber of Commerce represents 509 businesses on the lower Kenai Peninsula. A 12% targeted tax on temporary lodging will hurt Homer's tourism industry and economy. The lodging industry is already taxed disproportionately to other business sectors as their guests pay sales tax per person, per night, not for the total transaction.

The Chamber also asks that prior to passing additional revenue ordinances the Borough adequately enforce those ordinances already coded in regards to sales tax collection. In April, the Chamber held an informational workshop with the KPB Sales Tax office inviting vacation rental owners to learn how to collect and remit sales tax. Our research showed there were over 400 vacation rentals in the Homer area and over 1,500 across the Borough. On Monday, June 3rd at a forum held by the Chamber to discuss the proposed bed tax ordinance, members in attendance expressed frustration with the unfair competition posed by rentals not collecting and remitting sales tax. These unregistered rentals are able to keep their rates lower because they don't pay commercial property taxes, commercial insurance rates nor do they have the required State of Alaska business license.

If the average room rate for vacation rentals is \$100 (\$7.85 Homer tax) X 100 unregistered businesses X the estimated rental days during the season, 100 days; the Borough is missing out on \$78,500 in revenue that is already on the table. Do not punish legitimate business with this excessive tax. Instead, we recommend you pursue those skirting the laws.

Regards,


Debbie Speakman, Executive Director

cc: Kenai Peninsula Borough Assembly
Kenai Peninsula Borough Mayor Charlie Pierce

Homer Chamber of Commerce & Visitor Center
www.HomerAlaska.org
201 Sterling Hwy, Homer, AK 99603
p. 907-235-7740 e. info@homer.alaska.org

From: driftwoodinn@alaskan.com
Sent: Saturday, June 15, 2019 3:56 PM
To: G_Notify_AssemblyClerk
Cc: Hibbert, Brent; Smalley, Hal; Ogle, Wayne; Bagley, Dale; Blakeley, Norm; Carpenter, Kenn; Fischer, Paul; Dunne, Willy; Cooper, Kelly
Subject: <EXTERNAL-SENDER> Ordinance 2019-09 regarding Bed tax

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June 15, 2019

Dear Assembly Members,

Thank you for your service.

I will be traveling during the June 18th meeting and won't be able to attend.

I strongly oppose Ordinance 2019-09 regarding a bed tax.

Some folks believe that visitors don't pay enough for solid waste services, fire and emergency, road, hospital, and 911 services. When they actually already pay more than others because they are not capped at \$500 per transaction. Instead they pay an unlimited amount per transaction. They contribute close to \$300 million into our local economy and contribute at least 25% of the sales tax collected on all the Kenai Peninsula; not to mention the jobs created by these small businesses which is also put back into the economy.

For example if a family of 6 checks in for 5 nights into two rooms at \$200 per night and they plan to fish on a charter for \$1800 for the whole boat they will currently pay \$299 in taxes on a base rate of \$3800 at check in instead of \$39.25 on a capped rate like other businesses. That is almost EIGHT times as much as others are collecting at their businesses. Many folks don't realize this. We already pay a bed tax the Brough just don't call it one.

I would propose that you amend the wording in the current tax code to show that we already pay more so that the public is aware of this and we are don't have to go down this road again and again. Call it a Bed and Charter additional tax, Bed and Charter additional levy, Bed and Charter additional duty or some such thing. You can simply add it as I have to the following paragraph in the current tax code and leave the rate alone as we can clearly show that we already pay a tourism/bed tax.

"An additional bed and charter tax is set forth" If sellers are providing a recreational package by themselves or with another business which offers recreational services (services provided by a seller for amusement, relaxation, diversion of attention, or play), the sales tax is to be calculated on each activity on a per-person per day basis at the rate of the jurisdiction where each day's service is rendered. The lodging component of the package is taxed on a per room per night basis at the rate of the jurisdiction where the lodging facility is located **The additional revenue this produces is considered an additional bed/charter tax.** (this black print in this paragraph was taken from the current tax code)

Sixty five percent of my visitors during the summer are local from around Alaska and 95% . We are lucky to have one guest per night during the winter months. They are usually bay and local residents on a fixed income. I stay open to support year round jobs; I won't be able to do that if this is implemented.

I hear from some that visitors will come anyway even with increased costs; I say try raising your rates \$10 on something you sell and see what happens. It is fundamentally wrong to tax a small minority for the gain of the majority. Once in place its always easier for voters to tax someone else.

I believe you will get more support from a flat school tax. It does not single out a small segment; most folks I know want to support education and I think voters would turn out to support it.

Lastly, thank you for the recent allocation to enforce the taxes already on the books. I also believe forcing AIRBNB and VRBO's to pay the borough direct is the way to go; it will make enforcement much easier.

Once again, I urge you to vote down Ordinance 2019-09.

Thank you! I appreciate your time.

Respectfully,

Adrienne Sweeney, Driftwood Inn, Innkeeper
135 W. Bunnell Ave
Homer, AK 99603
907-235-8019
driftwoodinn@alaskan.com

From: Kenai Peninsula Borough <webmaster@borough.kenai.ak.us>
Sent: Saturday, June 15, 2019 9:14 PM
To: BoroughAssembly
Subject: New Public Comment to Assembly Members

Your Name: Kathryn Lessard

Your Email: klessard62@gmail.com

Subject: Ordinance 2019-09

Message:

I am strongly opposed to this ordinance. The assembly is going straight to taxation instead of cutting their budget in response to a "possible" decrease in state funding. This is fiscally irresponsible. If I ran my business like government runs theirs, I would have been out of business long ago. The private sector in Alaska has been struggling for years and has seen job losses while government just seems to keep on growing. I challenge the assembly to find another way to save 1 million dollars instead of sticking it to the tourists and ultimately to small business.

From: Lisa <lmfeuz@yahoo.com>
Sent: Saturday, June 15, 2019 10:09 PM
To: G_Notify_AssemblyClerk; Hibbert, Brent; Smalley, Hal; Ogle, Wayne; Bagley, Dale; Blakeley, Norm; Carpenter, Kenn; Fischer, Paul; Cooper, Kelly; Dunne, Willy; exdir@homer.alaska.org; clerk@cityofhomer-ak.gov
Subject: <EXTERNAL-SENDER>Request to vote AGAINST 12% bed tax and 2019-09

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Dear Borough Assembly Members:

I am writing to ask that you do NOT support the 12% bed tax and ordinance 2019-09, but rather enforce the current sales tax regulations in place.

As a lodging business, trying to compete for business, and competing with many vacation rentals, like AirBNB, which are often not regulated and do not pay tax, this proposed tax would be devastating to our business and livelihood. It is my understanding that the lodging industry already pays more than other business segments, as we do not have a cap.

It is also my understanding that the borough is sitting increasing costs like health care for Borough employees and Teachers. Many of the local lodging owners already cannot afford to pay for health insurance for themselves, let alone any employees!

As one of your constituents, I again ask you to vote against this tax, and support local businesses.

Regards,
Lisa Feuz
Kenai Wildlife Cabins
Sterling, AK

From: Marty Arnoldy <summitak@aol.com>
Sent: Sunday, June 16, 2019 8:18 PM
To: G_Notify_AssemblyClerk
Subject: <EXTERNAL-SENDER>12% bed tax and ordianance 2019-09

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Please Vote NO on the `12% bed tax proposal -- this would negatively impact small business owners and the tourism industry.

Best Regards,
June Arnoldy
Summit Lake Lodge

From: Jim Lavrakas <jlav@gci.net>
Sent: Monday, June 17, 2019 3:34 PM
To: G_Notify_AssemblyClerk
Cc: Cooper, Kelly; Dunne, Willy
Subject: <EXTERNAL-SENDER>KPB ORDINANCE 2019-09 comment

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Kenai Peninsula Borough Assembly,

As the former executive director of the Homer Chamber of Commerce, I know from my time at the Chamber that the Accommodations segment of our economy brings in a large portion of borough general tax revenues. I wholeheartedly approve of the ordinance setting a borough-wide 12% temporary lodging sales tax, separate from the general sales tax.

It is foolish and narrow-sighted to ignore this form of revenue that other tourist destinations have in place. We have waited too long to pass a tax that more fully takes advantage of visitors' pocketbooks, while the heavy load of funding borough operations lands unfairly on property owners and the taxes they pay.

I'm in favor of KPB Ordinance 2019-09.

Thank you,

Jim Lavrakas
PO Box 1459
Homer, AK 99603-1459
907-299-8393

From: Marty Arnoldy <summitak@aol.com>
Sent: Monday, June 17, 2019 1:46 PM
To: G_Notify_AssemblyClerk
Subject: <EXTERNAL-SENDER>12 % bed tax ordinance

CAUTION:This email originated from outside of the KPB system. Please use caution when responding or providing information. Do not click on links or open attachments unless you recognize the sender, know the content is safe and were expecting the communication.

Dear Assembly Clerk,

In response to the proposed 12% bed tax - VOTE NO. As A community member of Moose Pass and a business owner in the hospitality industry for the past 35 years in the Borough I urge you to vote NO. This proposed ordinance will hurt the economy of the borough by discouraging tourism.

While many cities do have a Bed Tax, in most places, at least some of those revenues go toward promoting tourism in that city. In this proposed ordinance, NONE of the revenue has been designated to go toward promoting tourism to the borough.

For Example;

In Anchorage, the 12% Bed Tax is distributed to three entities:

3% to the Municipality

3% to the Denaina Center

3% to Visit Anchorage

Seward has a 4% Bed Tax

2% goes to the City

2% goes to the Chamber

The New proposed 12% tax for our towns; Cooper Landing, Hope and Moose Pass, will be submitted to the Borough to the General Fund and will go to the education.

While visitors do create more demand on services as mentioned, **but hotels and lodging already contribute 25% of the sales tax collected on the peninsula...**I would say that they already more than pay for the services used while in Alaska. They also contribute in a huge way to the economy of the Borough - many of families in Cooper Landing, Hope and Moose Pass support themselves and their families year round on the revenues collected in the high season. It seems that the extra bed tax will not do anything directly for Cooper Landing, Moose Pass or Hope except create more complicated invoicing for their clients.

Also, while Seward will be able to be exempt from collecting this 12% bed tax, they will be voting on it if it does go to Ballot in October. And they will be recipients of the revenues. Is the also true for Soldotna, Kenai & Homer?? If so why are try to put this burden on small unincorporated communities. Why should the guests to our great state - the ones that

help our economy thrive by paying for our children's education? Shouldn't we as residents own that responsibility? If we continue to attack tourism instead of continuing to attract tourism our State will look like winter -- year round. Many of the businesses will be closed because there aren't tourists dollars coming into the Borough. Please vote NO on this proposed ordinance.

Best Regards,
June Arnoldy

From: Kenai River Float-n-Fish <hooked@mightykenai.com>
Sent: Monday, June 17, 2019 3:52 PM
To: G_Notify_AssemblyClerk
Cc: Hibbert, Brent; Smalley, Hal; Ogle, Wayne; Bagley, Dale; Blakeley, Norm; Carpenter, Kenn; Fischer, Paul; Cooper, Kelly; Dunne, Willy
Subject: <EXTERNAL-SENDER>12% bed tax and ordinance 2019-09

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Dear Assembly Members,

I am a small business owner providing tours and lodging in Cooper Landing. I oppose ordinance 2019-09 as written. I do support an overnight accommodations tax, but only with the following provisions:

- smaller percentage, 4-6% tax maximum
- tax revenues are appropriated to specific uses, i.e. a percentage to tourism marketing, a percentage to emergency services, a percentage to road maintenance, a percentage to education. I do not support any new revenue streams appropriated solely to the general fund.
- all overnight accommodations are taxed, including RV parks, campgrounds.
- taxes are set up with the online travel agencies (airbnb, VRBO, flipkey) to be automatically charged and remitted to the borough.

Furthermore, on the Airbnb and VRBO note, I think the borough is missing out on a huge chunk of revenue by not regulating these short term rentals. I believe there are many, many properties operating on these sites and not paying sales tax. I believe municipalities can have airbnb & VRBO charge, collect, and remit sales tax, but the municipalities have to reach out to them in order to get that set up. Has the borough pursued this yet? Also, if the borough has any pulse on the short term rental situation nationwide, you'd be aware that many areas are putting forth ordinances to regulate these as businesses, licensing them and collecting revenue via licensing fees. This may be another avenue to get revenue from this industry that would actually be appreciated by most hotel/motel/b&b owners as these unlicensed operations take a big chunk away from the legit lodging businesses.

Finally, I do understand that increased revenues need to come from somewhere. However, I would like to see the burden spread out fairly. If a new tax is instituted on the tourism industry, I'd like to also see a new tax on commercial fishing as well. An additional percentage of sales tax for AK seafood sold in the borough would be a great start. Look to the [City of Unalaska](#)'s raw seafood tax for a great example:

Raw Seafood Tax

A raw seafood product sales tax is levied on all raw seafood product sales made in the City for the purpose of processing, reselling, storing, transshipping, or consumption for profit at the rate of 2% of the primary gross sales value. The tax levied is an obligation of the seller and collected by the buyer.

Raw Seafood Product Tax Collection

Monthly taxes collected must be paid to the City by the 15th of the month following the calendar month in which the taxes were collected. To qualify for the compensatory collection discount, payments must be paid or postmarked by the 15th of each month. If a collector fails or is late in filing returns for three or more months, the City Clerk may require the collector to submit returns and payment on a weekly basis.

A collector of raw seafood sales tax will be paid an amount equal to 2% of the gross raw seafood sales tax collected, provided the tax return is filed and the tax is paid to the City on or before the 15th of each month immediately following the month in which the collection is made.

A collector that has filed a tax return will be presumed to be purchasing raw seafood product in successive months unless that collector files a return showing termination or sale of the business.

Reports must be made using forms furnished by the City and available at City Hall.

Penalty and Interest

The penalty equal to 5% of the delinquent tax will be added to the tax for the first month, or any part thereof, and an additional 5% shall be added to the tax due for each month, or fraction thereof, of delinquency until a total penalty of 15% of the tax due is accrued. The penalty will be assessed and collected in the same manner as the tax is assessed and collected.

In addition to the penalty, interest assessed on delinquent taxes will accrue at the rate of 10% per year. Interest accrues from the date of delinquency until paid in full and is collected in the same manner as the delinquent tax is collected.

I hope this helps; I know taxes are a contentious subject. Good luck.



Warm Regards,

Heather Pearson

Kenai River Float-n-Fish

(907) 595-3505 | www.mightykenai.com

Follow us: @mightykenai



Blankenship, Johni

02019-09

From: Kenai Peninsula Borough <webmaster@borough.kenai.ak.us>
Sent: Tuesday, June 18, 2019 9:36 PM
To: BoroughAssembly
Subject: New Public Comment to Assembly Members

Your Name: hs norwood

Your Email: rohobawr@alaska.net

Subject: Bed Tax Tally

Message:

Thank you to the 5 to 3 majority for allowing the residents of the KPB to vote on a Bed Tax.

I will vote for the Bed Tax. But I would not vote for any other source of revenue ... including increasing the Sales Tax Cap ... until the many visitors to this peninsula pay their fair share.

Lastly it is EXTREMELY ironic that the representative from Seward voted against the Bed Tax. Seward has benefitted from a Bed Tax for many years. Those tax dollars have been used for the benefit of Seward and frankly it rivals Homer for visitor satisfaction.

Thanks again for allowing the voters to vote on the Bed Tax.

PS: It would be very easy for KPMTTC to show progress. They just need to use the analytics on the website to show the increase in page views and interest in the KPC. I think a \$100,000 investment in the KPTMC should be supported.

Blankenship, Johni

02019-09

From: Kenai Peninsula Borough <webmaster@borough.kenai.ak.us>
Sent: Tuesday, June 18, 2019 7:50 PM
To: BoroughAssembly
Subject: New Public Comment to Assembly Members

Your Name: hs norwood

Your Email: rohobawr@alaska.net

Subject: Unique Opportunity to Please EVERYBODY about the Proposed Bed Tax

Message:

There's an obvious theme so far in the testimony of those who oppose allowing the Bed Tax to proceed to the October ballot ... should the measure pass the electorate each testifier will be tasked with handling this PASS THROUGH Tax.

However so far NOT ONE of the testimonials has given a good reason why the proposal should not be allowed to proceed to a vote of the full electorate ... which is the subject of the actual ordinance.

Your vote to put this measure on the ballot pleases EVERYBODY!

All the people testifying tonight can tell all the people they know why they will not support the Bed Tax and influence them not to support it.

And the rest of the voters like me will have the opportunity to vote for the Bed Tax.

EVERYBODY has the opportunity to do what they think is best if the Assembly will simply allow the KPB voters to vote on this issue.

Please support allowing the Bed Tax to be included in the fall ballot.

0209-09

Kenai Peninsula Borough 12% Bed Tax

I believe everyone supplying a place for the night pays 12% bed tax. Hotel, motel, RV Park, B&B, Air B&B, etc.

I propose an amendment for the bed tax to include places that rent spaces to RVs. To include motorhomes and travel trailers. Tent campers should remain exempt from the bed tax. Anyone willing to spend the night in a leaky pup tent deserves a break.

Most of Alaska has a bed tax. Anchorage has 12% bed tax. Matanuska Valley has 5% sales tax. Why should we leave money on the table when we need it to effectively run our community?

In most places the bed tax will be about 6% more than the current sales tax. If you think this is going to cost you an extra nights lodging give them a 5% discount and they only pay a pittance more on total bill.

Example:

1) $\$100.00 * 6\% = \6.00 $\$100.00 + \$6.00 = \$106.00$ per night.

2) $\$100.00 - 5\% = \95.00 $\$95 * 12\% = \11.40 $\$95 + \$11.40 = \$106.40$.

In the process you can feel good about cheating the borough out of \$0.60.

The assembly gave KPTMC a grant \$100,000 to promote tourism. I didn't get anything for dandelion abatement at my yard.

When Anchorage raised the bed tax did you stop spending the night in Anchorage? Most places in Anchorage give Alaskans a greater discount than 5%. When Anchorage added a 10 cent gas tax did you stop driving to anchorage? When Kenai charged to park a car or launch a boat to dip net reds did the people stop coming?

Taxes in general:

If we are not allowed to vote on this tax why would I want to vote yes on a tax that raises what I pay?

Don ST John
398 4474

Public Comment by:

David Story
Cooper Landing, AK

Thank you for holding this public meeting and for the opportunity to testify. I speak here tonight as a year-round resident whose livelihood depends on, and whose community's livelihood depends on tourism.

When I testified against the cuts to the state budget that were proposed this year it was for two primary reasons: 1. Because I see the lack of investment in our shared infrastructures and our population's needs as shortsighted and 2. Because I recognize that the costs do not disappear but are often simply displaced to other stakeholders.

As it stands both reasons seem to be playing out as expected.

Investments that diversify our states economic engines such as the \$1.3 million for statewide tourism marketing are currently unfunded in the state budget and threaten to diminish the stability of our states second largest industry and the smaller operators who this program directly benefits ,while other costs usually paid by the state are being shifted to the boroughs and municipalities.

I am here to testify tonight that I believe the proposed bed tax should not be advanced for the same primary reasons:

Taxing our tourists more aggressively is shortsighted. It is tempting to think raising the tax on being a visitor will fill our coffers higher and allow for more investment in our needs but driving costs up on a sector of business that maintains narrow profit margins will drive down profits, chill investment in the sector and encourage visitors to find other accommodations.

It has been claimed here that visitors don't make their choices of accommodation based on the taxes they might pay but many do choose on total cost of destination. If they can see mountains and glaciers and go fishing in the MatSu and can find a price point that allows them to spend the savings of comparable accommodation on their meals, perhaps they will simply drive north instead.

Or perhaps they will choose to rent an RV in Anchorage instead. Perhaps they book an AirBnB or an unofficial accommodation that does not contribute to the conventional tax base instead. These are not complex calculations. These choices that are made hundreds and thousands of times a day by travelers to minimize their expenses and by travel agents to keep their margins profitable.

The long-term consequence, I believe, will be fewer visitors and fewer businesses on the Kenai who can afford to make their living by providing visitor services on the peninsula or more who

choose to operate unofficially. In the end it is likely to mean a relative reduction of the \$300 million dollars tourism already contributes to the Peninsula's economy.

It has also been claimed here that it is high time for visitors to pay for what they use. The fact is they already do. Our tax structure on visitors is *already* aggressive. They pay an uncapped, per-day sales tax on their accommodation that means a visitor pays more tax for a three-night stay at most hotels than a KPB resident does when they buy a \$20,000 boat.

The shortfalls cited as justification for this tax are acknowledged as the costs of displaced state responsibilities. If the borough and the assembly feel that education is underfunded as I do, they should continue to reject the slashes to *state* education funding and support finding the revenue sources necessary to fund it - not by pursuing the taxation of those who do not have representation for services they will not benefit from.

When raising the cap on borough sales tax from \$500 to \$1000 went to public vote we showed our shortsightedness and voted against it despite it not having been meaningfully adjusted for decades, despite it generating nearly twice as much per year as the proposed bed tax, and despite its costs being shouldered more fairly between those who benefit from the services.

We decry others should pay for what they use but fail to step up and pay for our own responsibilities.

The Bed Tax should not make it past the assembly. Please vote against a bed tax in the KPB.

Assembly on 2019-06-18 6:00 PM eComments
06-18-19 18:00

Agenda Item: eComments for 3. 2019-09 An Ordinance Amending the Borough's Sales Tax Code to Levy a 12 Percent Tax on Temporary Lodging, Exempt Temporary Lodging Rentals from the General Sales Tax, and Allow Cities that Levy a Similar Sales Tax on Temporary Lodging to Exempt up to One-Half of the Borough Temporary Lodging Tax, Subject to Voter Approval (Bagley)

Overall Sentiment

Frances Jacobson

Location:

Submitted At: 12:55am 06-19-19

I strongly support the proposed bed tax. I have lived in Alaska for 45 + years and have seen steady growth in tourism. Communities that have passed bed taxes (Anchorage and the Mat Su where I previously resided) have only benefited from the revenue they bring in and have not seen the drop in visitor numbers our local lodge and BB owners want us to believe will happen in the KPB if this ordinance passes. I encourage the assembly to do what is right for the communities of the KPB and take this opportunity to increase our revenue base. We need to plan for our future and continue to grow strong and healthy communities

Fran Jacobson

Chris Jacobson

Location:

Submitted At: 12:45am 06-19-19

I strongly support this tax. The sheer number of tourists visiting Homer is mind blowing and adding an additional few dollars to their stay will not deter them from visiting. Looking at our State's financial situation I believe its essential that we look for additional sources of revenue. I urge the assembly to do the right thing for our communities and pass the bed tax.

Kasey Loomis

Location:

Submitted At: 12:13am 06-19-19

I am strongly opposed to this ordinance. Please spread the financial burden through the entire community.

Teresa Cosman

Location:

Submitted At: 8:39pm 06-18-19

Dear Assembly Members,

Around the country, bed taxes historically have been meant to support economy boosting projects such as Anchorage's Visit Anchorage Convention and Visitor Bureau, and operations of the Anchorage Convention Center (<https://www.anchorage.net/about-visit-anchorage/bed-tax-faqs/>) However, Anchor Point will not receive any reciprocal benefit or any portion of the bed tax funds in such a capacity. As one lodging owner stated to me, "Bed tax should be referred to as a tourism development tax as it is originally intended."

The lodging industry already collects and pays a huge amount of borough sales tax since there is not a cap on nightly lodging. Year after year this subject has been broached and year after year it is voted down at the Assembly level. I am part of a larger group of constituents who oppose this bed tax. Our representative continues to back this ordinance and therefore has not heard our objections. There are better alternatives to be considered that would not unfairly penalize one group and or require such a large increase in tax. Such as, applying a much smaller tax across the board for all businesses, enforcing the tax regulations already on the books, forcing online services such as Airbnb to collect and pay the required sales tax (this includes ensuring that all those listing lodging online have a business license and therefore pay the sales tax), a combination of these options, etc.

Anchor Point has a fragile economy heavily reliant on a combination of tourism and Alaskan/borough resident tourism. 12% bed tax (9% increase) has a more than likely chance of devastating the Anchor Point tourist industry and therefore the local economy. There is a school of thought that a bed tax would be easier to levy because you are only taxing tourists / people who don't live in the borough, but my business is open year-round and provides services to the locals and their families and friends in addition to tourists. The extra amount of tax just in the off-season alone will be a burden to most locals needing lodging for themselves, family, and friends. In addition, visitors expect "bang for their buck", charging more tax without added tourist industry benefits specific to the local area for visitors cannot be justified.

Anchor Point businesses have a symbiotic relationship. What impacts the lodging businesses will also have a significant impact on the other businesses (stores, gas stations, fishing charters, tractor launch, laundromat, etc.) Most of what I have read points out the impact to the larger communities and/or incorporated cities and the benefits to the borough, but where is the consideration for the smaller unincorporated communities like Anchor Point who are being asked to bear the same burden as cities such as Homer, but who don't have the same resources at their disposal? It may seem that such a tax is a drop in the bucket, but it is the ripples that leave a long-lasting impact on small areas such as Anchor Point. We are already in direct competition with larger communities like Homer to grow tourism in Anchor Point. The ripples of such a tax on our area, no matter how temporary, could take years to settle, at which point the damage is already done to the tourist industry. The Anchor Point tourist industry has already been impacted by the decline in fish resources such as the king salmon in the past couple of years.

I have heard some of the Assembly members support the idea of letting the voters decide. However, reality is that the vote would be askew. Below are some examples of this:

- Voters who don't thoroughly do their 'homework' will most likely vote for the lodging industry to bear all of the burden versus everyone sharing a little bit of the burden because they believe they will not be impacted
- Voters who decide not to vote at all

- People who will be directly impacted because they own a local lodging business as well as those indirectly impacted because they own other types of businesses but are not able to vote because they are not Alaska / Kenai Peninsula Borough residents
- Cities who will be voting on behalf of all of us, but do not fully understand the impact to smaller communities because they do not face the same challenges we do
- People who work for lodging or tourist industry businesses who are impacted by such votes, but are not able to vote because they are not Alaska / Kenai Peninsula Borough residents

A 12% bed tax that singles out one small entity to carry the whole of the burden and does not proportionately provide funds directly to the community paying the increased bed tax to invigorate the local economy and tourist industry (therefore, negatively impacting the economy of said community) should not be considered as a viable option.

Thank you for your time and sincere consideration.

Teresa
Sleepy Bear Cabins LLC

Shirley Wilmoth

Location:

Submitted At: 8:08pm 06-18-19

My name is Shirley Wilmoth. George Anderson and I own The Hutch B & B in Cooper Landing. George & I respectfully oppose Ordinance 2019-09, primarily due to the impact it will likely have on our future reservations/bookings. Many of the lodging businesses in our borough, especially in the unincorporated areas, are very seasonal -- only operating 4 to 5 months per year. Each reservation/booking is critical to covering utilities, advertising, liability insurance & taxes for a full year. Also, why is just one business segment singled out to produce a remedy? Even if RV parks are added, this is NOT the answer.

When can we expect to have today's 3% sales tax collected from all locations that provide lodging.

We are most disappointed that THIS approach is being taken by our Assembly to gather funds to cover EDUCATION expenses. Let's call it what it is -- if the schools need further assistance, show us what has recently been done to control & reduce that budget and then, propose an Education/School Tax. Are there other boroughs in Alaska that direct their Bed Tax funds toward education expenses, or any other cause other than promotion of tourism?

Why is there so little interest throughout our Assembly to promote our KPB business economy? It is very disappointing to see so much money directed from our "sister boroughs" of Anchorage and the Mat-Su that target millions toward promotion of tourism -- and yet the KPB targets very little, if any.

We are asking serious consideration to define who our TOURISTS really are ... While we agree there are many folks that come from the lower 48, a review of our bookings indicates that many of our recent and future 2019 reservations are from Alaska; slope workers, airline & TSA employees, KPB residents from Homer, Seward, etc. and most importantly -- our military personnel. They come to our peninsula several times during the summer -- not just once every year or so. LET'S NOT IMPACT OUR ALASKAN NEIGHBORS WITH THIS 12% BED TAX!

--

George & Shirley
The Hutch B & B
907.595.1270
hutch@arctic.net

Michael Warburton

Location:

Submitted At: 1:32am 06-18-19

I oppose the bed tax but would support a South Dakota type tourism tax on lodging AND on the other tourism businesses that pay much less in property taxes than we do.

Michael Warburton

Ocean Shores
Homer

Katherine Borchers

Location:
Submitted At: 9:01pm 06-17-19

Dear Assembly Members,

Thank you for your time, consideration, and service.

I am writing to ask that you do NOT support the 12% bed tax and ordinance 2019-09.

I would ask that you not support it, as I think it will have a negative effect on tourism travel and income to this part of the state. Hotel/Motel/B&B income makes up approximately 25% of the borough's profits, and the Kenai Peninsula, perhaps more than many other parts of the state, has many independent small businesses and boutique lodging services. According to the most recent Alaska Visitor Volume Program 7 report published by the McDowell Group May 2017, 64% of Alaska travelers utilize a package versus independent travel, which makes up the remaining 36%. The peninsula thrives on the independent traveler, and a bed tax of 12% could be a significant deterrent. Our competition for travelers is the rest of Alaska. It is a competitive market with Juneau leading the charge with over a million visitors a year, Ketchikan, Anchorage, and Skagway closely behind, and all others trailing far behind. It is well known that Alaska's state funded tourism budget has been dramatically cut in the past several years, going from \$15 million in 2015 to \$3 million in 2018. This means that while we jockey for the visitors making it to the state, Alaska is competing to even get those visitors through the front door (trailing 3rd from the last in the 50 states as far as marketing budget) and 64% of them already have an itinerary laid out before them with no consideration for the independent lodge/hotel/b&b owner. As many have previously stated this is without mention of the growing AirBnB and VRBO concern.

In these challenging fiscal times, money must come from somewhere; I do understand that. However, to go from 3% to 12% is colossal! Anchorage is the only city in the state with a bed tax at the 12% amount. Even Juneau, while leading as destination for visitors, is at 7%. Fairbanks is at 8%, just having voted down an increase, Denali and Ketchikan at 7%, and Sitka at 6%. Further, Anchorage originally created the bed tax as a marketing tool, Destination Marketing Organization. It later was dispersed between the Municipality of Anchorage, bond debt and operations for the Anchorage Convention Centers, and Marketing equally. If a bed tax is passed, which I hope it does not, there must be a defined distribution of funds to benefit the industry that has created such profits.

The tourism dollars spent while visiting the Kenai Peninsula benefit us all. I plead that we do not deter visitors from continuing to visit and having a variety of places to stay. This bed tax will make it even more difficult for small operators of lodges/hotels/b&b's to compete with the large package operators, and those establishments (homes, i.e. AirBnBs and VRBOs) that do not have the overhead of a conventional business.

Thank you for your time and consideration,

Katy Borchers
Alaska Heavenly Lodge
Cooper Landing, AK

Anna Sansom

Location:
Submitted At: 8:51pm 06-16-19

I oppose a tax that singles out a lodging in hotels and B&Bs but doesn't charge RV or tent lodgers. Also not effected are the casual Airbnb rentals who are selling the same type services and are not today paying sales tax. I suggest we capture tax revenue from all tourist by implementing a seasonal sales tax so that day trippers to the peninsula will pay for the use of our infrastructure.

All business should be willing to pay taxes to support our community.

Virginia Morgan

Location:
Submitted At: 8:38pm 06-16-19

I am in support of a bed tax, though I think our borough assembly needs to flesh out the legislation more, and look at appropriating the tax revenue in a balanced fashion, rather than putting it all in the general fund. The borough should also be working with AirBnB and VRBO to collect sales tax directly. If Amazon can do it, so can they.

I recently visited Moab, UT, and paid 14.67% tax. It did not influence my travel plans. It does not appear to be harming the lodging industry in Moab, either, as hotels were full and several more are in construction. Their tax structure is more diversified, though, which our borough should consider.

Linda Rourke

Location:
Submitted At: 8:12pm 06-16-19

Imposing sales tax on one industry is unfair. Increase in tax base should be distributed between accommodation, sport fishing and other service industries.

Loren & Dianna Hollers

Location:
Submitted At: 8:12pm 06-16-19

Please oppose the 12% bed tax. We are a small tax-paying business in a very competitive segment of the economy. Visitors already pay full sales tax rate with no cap for lodging. We cannot simply pass the tax on to our clients. Most are already extending their household budgets to make that 'once in a lifetime' trip to Alaska. We try our best to give hardworking families the best service and value possible and further taxation will not aid in our 'bottom line'.

Thank you,

Loren & Dianna Hollers
Caribou Crossing Cabins, dba

Lisa Feuz

Location:
Submitted At: 6:12am 06-16-19

Dear Borough Assembly Members:

I am writing to ask that you do NOT support the 12% bed tax and ordinance 2019-09, but rather enforce the current sales tax regulations in place.

As a lodging business, trying to compete for business, and competing with many vacation rentals, like AirBNB, which are often not regulated and do not pay tax, this proposed tax would be devastating to our business and livelihood. It is my understanding that the lodging industry already pays more than other business segments, as we do not have a cap.

It is also my understanding that the borough is sitting increasing costs like health care for Borough employees and Teachers. Many of the local lodging owners already cannot afford to pay for health insurance for themselves, let alone any employees!

As one of your constituents, I again ask you to vote against this tax, and support local businesses.

Regards,
Lisa Feuz
Kenai Wildlife Cabins
Sterling, AK

Don Cotogno

Location:
Submitted At: 4:16am 06-16-19

Here we go again. How many times does this have to be voted down before you get it. Your job is to do the will of the people NOT what you want, ignoring the people. That alone is despicable. Why don't you do your job and go after the Law Breakers that are not collecting Sales Taxes when they should be. Oh that would require some effort. Air BnB is the obvious, but I know many folks that are in a variety of businesses that choose not to collect and remit Sales Tax. We (the Tourist Industry) already pays 25% of the Sales Taxes Collected. That's not enough? How about the unintended consequences? Have you considered that, probably not. It's really easy going after the legal folks because we follow the rules. Again DO YOUR JOB and not take the easy way out!

Adrienne Sweeney

Location:

Submitted At: 11:30pm 06-15-19

June 15, 2019

Dear Assembly Members,

Thank you for your service.

I will be traveling during the June 18th meeting and won't be able to attend.

I strongly oppose Ordinance 2019-09 regarding a bed tax.

Some folks believe that visitors don't pay enough for solid waste services, fire and emergency, road, hospital, and 911 services. When they actually already pay more than others because they are not capped at \$500 per transaction. Instead they pay an unlimited amount per transaction. They contribute close to \$300 million into our local economy and contribute at least 25% of the sales tax collected on all the Kenai Peninsula; not to mention the jobs created by these small businesses which is also put back into the economy.

For example if a family of 6 checks in for 5 nights into two rooms at \$200 per night and they plan to fish on a charter for \$1800 for the whole boat they will currently pay \$299 in taxes on a base rate of \$3800 at check in instead of \$39.25 on a capped rate like other businesses. That is almost EIGHT times as much as others are collecting at their businesses. Many folks don't realize this. We already pay a bed tax the Brough just don't call it one.

I would propose that you amend the wording in the current tax code to show that we already pay more so that the public is aware of this and we are don't have to go down this road again and again. Call it a Bed and Charter additional tax, Bed and Charter additional levy, Bed and Charter additional duty or some such thing. You can simply add it as I have to the following paragraph in the current tax code and leave the rate alone as we can clearly show that we already pay a tourism/bed tax.

"An additional bed and charter tax is set forth" If sellers are providing a recreational package by themselves or with another business which offers recreational services (services provided by a seller for amusement, relaxation, diversion of attention, or play), the sales tax is to be calculated on each activity on a per-person per day basis at the rate of the jurisdiction where each day's service is rendered. The lodging component of the package is taxed on a per room per night basis at the rate of the jurisdiction where the lodging facility is located. The additional revenue this produces is considered an additional bed/charter tax. (this black print in this paragraph was taken from the current tax code)

Sixty five percent of my visitors during the summer are local from around Alaska and 95% . We are lucky to have one guest per night during the winter months. They are usually bay and local residents on a fixed income. I stay open to support year round jobs; I won't be able to do that if this is implemented.

I hear from some that visitors will come anyway even with increased costs; I say try raising your rates \$10 on something you sell and see what happens. It is fundamentally wrong to tax a small minority for the gain of the majority. Once in place its always easier for voters to tax someone else.

I believe you will get more support from a flat school tax. It does not single out a small segment; most folks I know want to support education and I think voters would turn out to support it.

Lastly, thank you for the recent allocation to enforce the taxes already on the books. I also believe forcing AIRBNB and VRBO's to pay the borough direct is the way to go; it will make enforcement much easier.

Once again, I urge you to vote down Ordinance 2019-09.

Thank you! I appreciate your time.

Respectfully,

Adrienne Sweeney, Driftwood Inn, Innkeeper
135 W. Bunnell Ave
Homer, AK 99603
907-235-8019
driftwoodinn@alaskan.com

Keith Mantey

Location:

Submitted At: 4:15am 06-15-19

I strongly oppose!!! Tourism is A MAJOR key to Alaskan jobs. Taxing it heavily will not encourage tourism but inhibit it like a "sin tax." Tourism is supporting most jobs directly or indirectly. Why inhibit tourism and State revenue? Businesses have it rough barely making ends meet. Putting up a 12% additional cost barrier to families pulling the trigger to finally visit Alaska is not helpful or fair. Customers complain about the cost on a regular basis. COST absolutely is a factor to their vacation. To think otherwise is fantasy. WHY do businesses work so hard to get supplies at a lower cost? TO BE COMPETITIVE and stay in business! Something GOVERNMENT needs to consider is realize the money they take in the form of taxes needs to be spent wisely. Government is taking a portion of each tax payers LIFE to make that tax payment. One only lives so many hours. Money is not free and it takes hard work to earn it. When earned income is taken by taxation, the tax payer needs to get something in return. This burden should be minimized and spread fairly. How about a 12% general sales tax on everything? You think that's a great idea since cost is not a factor? Why not 25% and even more money will be magically "generated!" PLEASE VOTE DOWN THIS IDEA AND VOTE OUT ALL WHO SUPPORT IT! Thanks for your consideration and support! Keith Mantey Gwin's Lodge Cooper Landing Alaska - GwinsLodge.com - Historic Pre-statehood Restaurant Roadhouse - Online cabin rentals on the Kenai Peninsula - Special Events Venue -