

Introduced by:	Cox, Hibbert
Substitute Introduced:	06/18/24
R2024-029 (Cox, Hibbert)	See Original for Prior History
Action:	Tabled
Vote:	6 Yes, 3 No, 0 Absent
Action:	Hibbert gave notice to remove from the table
Date:	07/09/24
Action:	
Vote:	

**KENAI PENINSULA BOROUGH
RESOLUTION 2024-029
(COX, HIBBERT) SUBSTITUTE**

**A RESOLUTION PLACING AN AREA-WIDE QUESTION ON THE OCTOBER 2024
BALLOT ASKING WHETHER THE BOROUGH SHOULD LEVY UP TO A 12
PERCENT LODGING TAX ON SHORT-TERM RENTAL ACCOMMODATIONS AND
OVERNIGHT CAMPING FACILITIES, EXEMPT THESE RENTALS FROM THE
GENERAL SALES TAX, AND PROVIDE THAT UP TO ONE HALF OF THE TAX
MAY BE EXEMPTED INSIDE CITIES WITH AN ADOPTED LODGING TAX**

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 rental tax, also referred to as a short-term accommodations tax, room tax, bed tax or short-term lodging 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 lodging tax on short-term rental 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 services, senior citizen services, 911, emergency services, hospital services, and disaster services; and

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

WHEREAS, a tax of 12 percent on short-term rentals 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 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 rental accommodations; and

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

WHEREAS, the intent of a short-term lodging tax that exempts cities from up to one-half of the borough's tax in an amount equal to a similar city tax, is for the tax to apply more evenly throughout borough; and

WHEREAS, this resolution puts the question on the ballot, if approved, the borough would then follow-up with a short-term rental accommodations chapter of borough code, including overnight camping facilities, which will provide the levy, implementation, and process and procedure for the 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 an areawide lodging (bed) tax on short-term rental accommodations and overnight camping facilities?

This tax will:

- Apply to accommodations of less than 30 days;
- Remove the current 3 percent borough general sales tax from short-term accommodation and overnight camping rentals;
- Establish a borough lodging tax of up to 12 percent on short-term accommodation and overnight camping rentals with no daily sales cap of \$500;
- Exempt up to one-half of the borough's lodging tax in an amount equal to a similar city tax on these rentals with the intent of helping to level the temporary lodging rates inside and outside of the cities in the borough;
- Become effective January 1, 2026.

Yes _____ A "yes" vote means you approve of a borough tax on short-term rentals and overnight camping facilities of up to 12 percent that will remove the general sales tax on these rentals. Short-term and overnight camping rentals within cities would be exempted from up to one-half of the borough's tax in an amount equal to a similar city 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. Short-term and overnight camping rentals within cities would be exempted from up to one-half of the borough's tax in an amount equal to a similar city tax on these rentals.

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

- 1) Apply to accommodations of less than 30 days;
- 2) Remove the current 3 percent borough general sales tax from short-term accommodation and overnight camping rentals;
- 3) Establish a borough lodging tax of up to 12 percent on short-term accommodation and overnight camping rentals with no daily sales cap of \$500;
- 4) Exempt up to one-half of the borough's lodging tax in an amount equal to a similar city tax on these rentals with the intent of helping to level the temporary lodging rates inside and outside of the cities in the borough;
- 5) Define "Short-term rental accommodation".
- 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.**

Brent Johnson, Assembly President

ATTEST:

Michele Turner, CMC, Borough Clerk

06/18/24 Vote on motion to table:

Yes: Cooper, Elam, Hibbert, Tunseth, Tupper, Johnson

No: Cox, Ecklund, Ribbens

Absent: None