

Kenai Peninsula Borough Assembly

MEMORANDUM

TO: Wayne Ogle, Assembly President
Members, Kenai Peninsula Borough Assembly

FROM: Dale Bagley, Assembly Vice-President *DLB*

DATE: July 25, 2019

RE: Amendment to Ordinance 2019-15, Amending KPB 5.18.430 to Increase the Maximum Amount of a Sale Subject to the Borough Sales Tax to \$1,000, Except for Residential Rentals, Subject to Voter Approval (Carpenter)

This amendment is intended to clarify that taxation of rentals of residential property shall continue to be limited to the first \$500.00 per month. [Please note the underlined bold language is new and the bold strikeout language in brackets is to be deleted.]

➤ Amend Section 1, as follows:

SECTION 1. That KPB 5.18.430 (A), (B) and (C) are amended as follows:

5.18.430. - Computation—Maximum taxable amount.

- A. The sales tax referred to in KPB 5.18.100 shall be applied only to the first \$1,000.00~~[500.00]~~ of each separate sale, rent or service transaction, except as otherwise provided in this section. For residential property rentals the sales tax levied pursuant to KPB 5.18.100 shall only be applied to the first \$500.00 of each monthly payment of rent for residential property.
- B. Except as provided below for long-term vehicle leases, and residential property rentals, the payment of rent, whether for real or personal property, in excess of \$1,000~~[\$500.00]~~ and for more than one month, shall be treated as several separate transactions covering the rental/lease for one month each. The payment of rent for residential property in excess of \$500.00 and for more than one month, shall be treated as several separate transactions covering the rental/lease for one month each.
- C. Services provided on account and billed to the customer on a periodic basis are subject to application to the tax on a maximum of \$1,000.00 ~~[\$500.00]~~ of each billing, per account. For purposes of this section, any advance payment for services other than to a trust or escrow account is considered to be paid pursuant to a "billing."