

Introduced by:	Cooper, Smalley
Date:	03/06/18
Hearing:	04/03/18
Action:	Postponed to 05/01/18
Vote:	9 Yes, 0 No, 0 Absent
Date:	05/01/18
Action:	Postponed to 05/15/18
Vote:	9 Yes, 0 No, 0 Absent
Date:	05/15/18
Action:	Postponed as Amended to 06/05/18
Vote:	6 Yes, 3 No, 0 Absent
Date:	06/05/18
Action:	Failed to Enact as Amended
Vote:	4 Yes, 5 No, 0 Absent

**KENAI PENINSULA BOROUGH  
ORDINANCE 2018-12**

**AN ORDINANCE INCREASING THE BOROUGH SALES TAX RATE FROM 3.0 PERCENT TO 3.5 PERCENT BY AMENDING KPB 5.18.100, SUBJECT TO APPROVAL BY THE VOTERS IN THE REGULAR ELECTION ON OCTOBER 2, 2018**

- WHEREAS,** due to the continuing decline in state assistance to municipalities along with the increasing loss in property tax revenues to the Kenai Peninsula Borough (“borough”) from exemptions on real property, and due to increasing reliance on borough funding for the school district, the borough must take steps to maintain its unrestricted fund balance into the future within financially prudent and responsible parameters; and
- WHEREAS,** the borough is authorized by AS 29.45.650 to levy and collect a sales tax on sales, rents, and on services provided in the borough; and
- WHEREAS,** the borough is currently facing a budgetary deficit of approximately \$4,000,000; and
- WHEREAS,** the borough is cutting costs but is unable to close this gap long-term without additional revenue; and
- WHEREAS,** it is estimated that this increase would generate approximately \$5,000,000 in additional annual revenue; and
- WHEREAS,** increasing the maximum sales tax by 0.5 percent would relieve some of the burden on property owners and shift it to all persons in the borough including both residents and visitors; and

**WHEREAS,** increasing the sales tax rate from 3.0 percent to 3.5 percent would impose a maximum increase of \$2.50 on each taxable sale of \$500; and

**WHEREAS,** while the revenue generated from this additional sales tax would be used for educational purposes, it would make other borough revenues available to help maintain the fund balance; and

**WHEREAS,** voter approval is required to increase the rate of sales taxes; and

**WHEREAS,** KPB 5.18.100 must be amended to provide for the increase in the rate of sales tax should the voters approve the proposition;

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

**SECTION 1.** That KPB 5.18.100 is hereby amended as follows:

**5.18.100. General—Levied—Amount.**

- A. There is levied by the borough a consumer's sales tax of up to 3.5 percent maximum rate on all retail sales, on all rents, and on all services made or rendered within the borough, measured by the gross sales price of the seller.
- B. In addition to the tax levied by the borough, any municipality within the borough may levy a consumer's sales tax as provided by Alaska Statute which shall be reported, collected, and enforced according to the terms of this chapter.

**SECTION 2.** That a ballot proposition shall be placed before borough voters at the regular election on October 2, 2018 to read as follows:

Shall Ordinance 2018-12, providing for an increase of 0.5 percent to the maximum borough sales tax rate, be ratified?

Yes \_\_\_\_\_ A "yes" vote means you approve of increasing borough's maximum sales tax rate from 3.0 percent to 3.5 percent.

No \_\_\_\_\_ A "no" vote means you oppose increasing borough's maximum sales tax rate from 3.0 percent to 3.5 percent.

**SECTION 3.** That Sections 2 and 3 of this ordinance shall become effective immediately upon enactment of this ordinance. Section 1 of this ordinance shall become effective January 1, 2019, only if the proposition contained in Section 2 is approved by a majority of voters voting on the question in the regular election of October 2, 2018.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS \*  
DAY OF \* 2018.**

\_\_\_\_\_  
Wayne H. Ogle, Assembly President

ATTEST:

\_\_\_\_\_  
Johni Blankenship, MMC, Borough Clerk

04/03/18 Vote on motion to postpone to 05/01/18

Yes: Bagley, Blakeley, Carpenter, Cooper, Dunne, Fischer, Hibbert, Smalley, Ogle

No: None

Absent: None

05/01/18 Vote on motion to postpone to 05/15/18

Yes: Bagley, Blakeley, Carpenter, Cooper, Dunne, Fischer, Hibbert, Smalley, Ogle

No: None

Absent: None

05/15/18 Vote on motion to postpone as amended to 06/05/18:

Yes: Blakeley, Cooper, Dunne, Fischer, Smalley, Ogle

No: Bagley, Hibbert, Carpenter

Absent: None

06/05/18 Vote on motion to enact as amended:

Yes: Bagley, Blakeley, Cooper, Smalley

No: Carpenter, Dunne, Fischer, Hibbert, Ogle

Absent: None