



KENAI PENINSULA BOROUGH

Finance Department

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**MIKE NAVARRE
BOROUGH MAYOR**

MEMORANDUM

TO: Kelly Cooper, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Mike Navarre, Mayor *MN*

FROM: Craig Chapman, Finance Director *C Chapman*

DATE: December 6, 2016

SUBJECT: Ordinance 2016-45, Amending KP.B 5.18.200(A)(15)(d) Exemptions/
Waivers for Sales of Nonprepared Food, KP.B 5.18.200(A)(20) Relating to
Sales Tax on Certain Nonprofit Sales, and KP.B 5.18.900, Definitions
(Mayor)

Ordinance 2016-31 enacted changes to the Kenai Peninsula Borough ("borough") sales tax code, including changes which resulted in the imposition of a sales tax on sales of nonprepared food items by sellers not authorized to participate in the federal food stamp program (KP.B 5.18.200(A)(15)(d)) and on certain nonprofit sales (KP.B 5.18.200(A)(20)).

The administration is requesting the following amendments to address concerns that have since been raised:

1. Subsequent to the passage of ordinance 2016-13, the borough became aware that some convenience stores in the Homer area were not authorized to participate in the federal food stamp program, putting them at an unfair disadvantage with their competitors during the period September 1st to May 31st.

This proposed ordinance would add the term convenience stores to KP.B 5.18.200(A)(15)(d), giving them the same treatment as other stores that participate in the federal food stamp program and defines convenience stores.

2. Two amendments would apply to organizations that have obtained a 501(c) ruling from the IRS. One would amend KP.B 5.18.200(A)(20) to exempt their admission fees from

sales taxes and the second would define sales that are “occasional or intermittent in nature” to mean the sales that do not occur for more than 14 days in a calendar year.

Because the effective date for sales tax code changes in ordinance 2016-31 is January 1, 2017, this ordinance is being presented as a laydown for introduction on December 6, 2016, hearing at the next meeting of January 3, 2017, and will take effect retroactively on January 1, 2017.