

KENAI PENINSULA BOROUGH

Kenai Peninsula Borough Assembly

144 North Binkley Street
Soldotna, AK 99669
Phone 907-714-2160
Fax 907-714-2388

Blaine Gilman, Assembly President
Brent Johnson, Vice President

MEMORANDUM

TO: Blaine Gilman, Assembly President
Kenai Peninsula Borough Assembly Members

FROM: Dale Bagley, Assembly Member *DLB*

DATE: March 24, 2016

RE: Ordinance 2016-*09*, An Ordinance Amending KPB 5.18.200 to Change the Seasonal Exemption from Sales Taxes of Non-Prepared Food Items to Apply From October 1 to March 31 of Each Year (Bagley)

Due primarily to the major decline in oil revenues the state government is facing an enormous budget deficit for the second year in a row. The state legislature is proposing sizeable cuts to the state budget, many of which are expected to seriously impact the borough and the cities in the borough.

To offset some of that impact, I am proposing to change the seasonal exemption from sales tax for non-prepared foods to last for six months instead of nine months. Additionally this would change the dates to coincide with quarterly filing dates to ease the administration of this exemption.

It is estimated this change would increase annual sales tax revenues to the borough by \$1.4 million.

I realize the voters have approved this seasonal sales tax exemption for groceries twice in the last six years. However, the current fiscal climate is substantially different from those years, and these funds are needed to continue with local government services by both the cities and the borough. This would enable the borough to increase its revenues while still enabling the residents to benefit from the exemption for six months of the year, from October 1 through March 31.

Your support of this ordinance would be appreciated.