

Kenai Peninsula Borough  
Assembly

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**MEMORANDUM**

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

**FROM:** Dale Bagley, Assembly Member *DLB*

**DATE:** May 24, 2018

**RE:** Amendment to Ordinance 2018-20, Amending KPB 5.18.200 to Repeal the Seasonal Exemption from Sales Taxes of Nonprepared Food Items (Bagley)

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I propose to amend this ordinance to provide for a 6-month exemption for non-prepared food instead of repealing the exemption. 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 \$1.3 million.

I realize the voters have considered this seasonal sales tax exemption for groceries several times in the last 10 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 during the warmer months while still enabling the residents to benefit from the exemption for six months of the year, from October 1 through March 31. (Please note the bold underlined language is new and the bold strikeout language in brackets is to be deleted.)

- Amend the title, as follows:

**AN ORDINANCE AMENDING KPB 5.18.200 TO ~~[REPEAL]~~ AMEND THE SEASONAL EXEMPTION FROM SALES TAXES OF NONPREPARED FOOD ITEMS TO APPLY FROM OCTOBER 1 TO MARCH 1 OF EACH YEAR**

- Amend the fifth whereas clause, as follows:

**WHEREAS, ~~[repealing]~~ reducing the seasonal nonprepared food sales tax exemption from 9 months to 6 months will increase**

revenues for the borough and general law cities and help enable ~~it~~ the borough to eliminate the budgetary shortfall and still leave the exemption in place for six months; and

- Add a new whereas clause following the fifth whereas clause, as follows:

**WHEREAS,** changing the exemption period to coincide with typical quarterly filing periods will help the sellers administer the exemption;

- Amend Section 1, as follows:

**SECTION 1.** That KPB 5.18.200(15)(d), providing for a seasonal exemption of nonprepared food from sales taxes, is hereby ~~[repealed.]~~ amended as follows:

**5.18.200. Exemptions/waivers – Exemptions.**

...

15. Retail sales of food are exempt in the following circumstances:

...

d. Exemptions/waivers - Sales of nonprepared food items by sellers authorized to participate in the federal food stamp program and by convenience stores. Sales tax is prohibited on sales of nonprepared food items sold by sellers authorized to participate in the federal food stamp program and by convenience stores from ~~[September]~~ October 1 until ~~[May]~~ March 31 of each year. These food items exempted from sales tax include those which have been previously granted exemption in KPB 5.18.200(14) for food purchased with coupons issued under the federal food stamp program. "Convenience store" means a small retail business that stocks a range of everyday items such as groceries, snack foods, confectionery, toiletries, soft drinks, tobacco products, magazines and newspapers, with those items providing the majority of the store's sales.

Your support of this amendment would be appreciated.