

Kenai Peninsula Borough Assembly

MEMORANDUM

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

FROM: Dale Bagley, Assembly Member *DLB*

DATE: January 25, 2018

RE: Ordinance 2018-09, Amending the Borough Code to Provide for Financial Support for the Promotion of Tourism and Economic Development Subject to Annual Assembly Appropriation Subject to Voter Approval of a Bed Tax (Bagley)

The assembly is considering enacting ordinance 2017-29 which would impose a tax on either temporary lodging or other tourism related sales. I think it is appropriate to enact an ordinance that would dedicate an amount equal to a percentage of taxes raised pursuant to that ordinance for promoting economic development and tourism. This ordinance would dedicate an amount equal to 15% of the taxes raised for tourism promotion and an amount equal to 5% of the taxes raised each year to promote economic development. That would provide a strong incentive for organizations receiving those funds to promote tourism and economic development in the borough. Additionally, using a percentage of the revenues received would help to inflation-proof the amounts appropriated for these purposes.

Each year the assembly struggles with determining how much to fund the promotion of tourism and economic development in the borough during the budget approval process. This ordinance would amend the code to require the assembly to consider appropriating the proposed percentages for these purposes. This only requires consideration as no assembly can bind a future assembly's appropriation powers. My intent is to provide guidance and try to reduce the debate relating to these appropriations.

The actual sales taxes raised through the tourism tax would not be used for these purposes as those are dedicated to educational purposes. This would provide a guideline for appropriating other funds for these purposes. While areawide property taxes may not be used for the nonareawide power to promote tourism, such taxes may be used to promote economic development pursuant to agreements entered into with cities in the borough. PILT funds may be used for any legitimate governmental purpose and therefore could also be used for these purposes if available. This is subject to approval by the voters of the tourism or temporary lodging tax proposal during the regular election on October 2, 2018. Your support of this ordinance would be appreciated.