

Introduced by:	Cox
Date:	07/08/25
Action:	Postponed to 08/05/25
Vote:	5 Yes, 4 No, 0 Absent
Date:	08/05/25
Action:	
Vote:	

**KENAI PENINSULA BOROUGH
RESOLUTION 2025-030**

**A RESOLUTION ESTABLISHING A SEASONAL TAX WORKING
GROUP TO EVALUATE THE BALANCE BETWEEN POSITIVE AND
NEGATIVE SEASONAL TAX-RELATED IMPACTS ON KENAI
PENINSULA BOROUGH RESIDENTS AND BUSINESSES**

- WHEREAS,** Ordinance 2025-15 rationalizes changing the Kenai Peninsula Borough sales tax structure to one that taxes Borough residents, business owners, and visitors using a 2% winter and 4% summer sales tax based on the Tourism Industry Working Group (TIWG) suggesting it as one of their recommendations in the TIWG Final Report; and
- WHEREAS,** the TIWG was specifically asked in Resolution 2024-037 - Section 1, “to focus its meetings on evaluating tourism benefits and impacts on current Borough revenue, costs, and services; discussing potential options or ideas, and associated data, for ensuring that visitors are paying their fair share for services they use; and assessing the anticipated affects of a potential bed tax”; and
- WHEREAS,** the working group had three meetings (12/18/24, 1/29/25, 2/26/25) and was asked to make a recommendation at the fourth meeting April 10, 2025; and
- WHEREAS,** the the April meeting a Final Report presented and voted down in a 3 - 3 vote; and
- WHEREAS,** the Assembly allotted the TIWG more time to meet and a recommendation was passed unanimously during the group’s fifth and final meeting on May 15, 2025, but only after adding the “no action” alternative; and
- WHEREAS,** the group concluded that no creation of a borough bed/lodging tax; the implementation of a seasonal sales tax; or simply taking no action at this time would be preferred (see page 9 of the Tourism Industry Working Group Final Report); and
- WHEREAS,** during the February 26, 2025 TIWG meeting the borough finance director gave a presentation about the Seasonal Sales Tax 2% and 4% model (see page 2 of the Tourism Industry Working Group Final Report); and

WHEREAS, at this meeting, nor any other, no non-tourism related business owners were asked how this change in sales tax might affect their businesses; and

WHEREAS, at this meeting, nor any other, no Kenai Peninsula Borough residents were asked how this change in sales tax might affect their home finances; and

WHEREAS, with the main focus of the TIWG working toward ensuring that visitors are paying their fair share for services they use, the group had the authority of the Borough Assembly to recommend that it look into other forms of tourism taxation, though this group may be ill-equipped to specifically recommend a broad-based tax over a targeted tax as it was not tasked with looking at the outcomes for all residents and non-tourism, local industries; and

WHEREAS, no studies have been presented to prove that a seasonal sales will be “Net-Neutral” for borough residents; and

WHEREAS, Mayor Micciche has publicly stated several times that there is no need for more revenue in the Kenai Peninsula Borough; and

WHEREAS, on page 7 of the TIWG Final Report it states, “the KPB cannot justify the need for more revenue. In fact, the reverse is true since the KPB currently holds over \$10 million in excess unreserved general funds above the \$32 million maximum reserves”; and

WHEREAS, Ordinance 2025-15 incorrectly states that implementing a seasonal sales tax avoids the administrative and fiscal costs and challenges associated with a separate lodging tax according to the fiscal note from 2024 prepared by the Borough Finance department showing an \$854,289 increase in revenue in year one and a \$5,286,883 increase by year two after initial costs have been incurred; and

WHEREAS, Ordinance 2025-15 also suggests that it will result in a reduction in the borough-wide property tax mill rate which is something that cannot be accomplished with this ordinance as seasonal tax and mill rate reduction are two separate actions; one established by the voters, and the other by the new Assembly in June 2026; and

WHEREAS, a group dedicated to the topic of a seasonal tax will be able to make a more informed recommendation to the Assembly using specific information giving assembly members more broad-based opinion of how a 2% and 4% seasonal tax could positively and negatively affect borough residents and local businesses;

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

SECTION 1. That the Assembly hereby forms the Seasonal Tax Working Group (“STWG”) and directs the STWG to focus its meetings on evaluating benefits and impacts of a 2% - 4% seasonal tax on Borough residents and local businesses while taking into

account the current Borough revenue, costs, and services. The working group will provide a final written report to present to the Assembly.

SECTION 2. That the members of the working group will include nine voting members, one resident from each Kenai Peninsula Borough voting district, appointed by the Mayor and approved by the Assembly, of which a chair and vice-chair must be chosen. Appropriate public notice will be given by the August 19, 2025 Assembly meeting describing how KPB residents can apply to be a community member appointee to the Seasonal Tax Working Group.

SECTION 3. That the Mayor, KPB staff, and two Assembly members, picked by the Assembly President, are invited to participate as non-voting members in this collaborative working group discussion.

SECTION 4. That all six incorporated cities within the Kenai Peninsula Borough are invited and encouraged to have a representative attend the working group meetings. These representatives will be participating as non-voting members in this collaborative working group discussion.

SECTION 5. That the STWG will have at least seven meetings. The first meeting may not occur prior to September 1, 2025 and the last meeting of the working group must occur prior to May 1, 2026. Unless extended by the Assembly, the report of the working group must be provided to the Assembly by May 31, 2026.

SECTION 6. That, subject to availability, the working group will be staffed and noticed by the KPB's Clerk's Office, and Legal Department. Notice will be provided through the internet on the KPB website and posted at 144 N. Binkley St., Soldotna, AK 99669.

SECTION 7. That the working group is subject to the Alaska Open Meetings Act and will use Robert's Rules of Order to conduct business.

SECTION 8. That the working group is not authorized to act or communicate on behalf of the Borough other than to provide a written report containing its final recommendations to the Assembly.

SECTION 9. That this resolution is effective immediately upon adoption.

**ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS * DAY
OF * 2025.**

Peter Ribbens, Assembly President

ATTEST:

Michele Turner, CMC, Borough Clerk

07/08/25 Vote to Postpone to 08/05/25:

Yes: Cox, Dunne, Ecklund, Johnson, Morton

No: Baisden, Cooper, Tunseth, Ribbens

Absent: None

Yes:

No:

Absent: