

2016-39

Subject: FW: Ord 2016-31

From: Randy [mailto:avmrandy@gmail.com]
Sent: Monday, November 21, 2016 3:37 PM
To: dbagley@kpb.us
Subject: Ord 2016-31

Dear Mr. Bagley,

Thank you for your willingness to serve on the Borough Assembly. We are aware that this is a significant sacrifice you have made to serve in this capacity.

I would like to request for your advice on how we might respond to Ordinance 2016-31, which changes the Kenai Peninsula Borough Sales Tax Code directly affecting Nonprofit Organizations who make sales, provide services and have rentals.

Alaska Village Missions is such a registered 501(c)(3), based in Homer. Last year was our 50th anniversary of service in the Borough and State. One of our programs is to operate the Alaska Bible Institute, which prepares our students for church and mission ministry. To better achieve our training goals, we encourage our students to stay on campus, along with a number of our full time staff. To make this work, the students and staff pay a housing fee. The student's housing fee also includes their meals in the dormitory. Our question is whether or not the Borough will consider these fees as rental and services subject to sales tax, which will need to be paid by our students and staff, and collected by us.

We assume that the Borough is likely targeting those non-profit organizations that have income-generating sources that are unrelated to their mission, and that directly compete with private businesses. In our case, we do not consider these fees as unrelated business income. Having the students and staff stay on campus is an integral part of the discipleship program that we offer. Our on-campus program does not compete with any private business.

We are hoping to see some clarification in the ordinance that assures us that these necessary expenses incurred in our Bible and ministry training programs won't be subject to sales tax, which will ultimately increase the cost to our students.

Can you please suggest how we should approach this concern at the Assembly level?

Respectfully,

Randy Weisser
Executive Director
Alaska Village Missions
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