

Kenai Peninsula Borough  
Assembly

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**MEMORANDUM**

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

**FROM:** Kenn Carpenter, Assembly Member *(B) for K.C.*  
Kelly Cooper, Assembly Member *(B) for K.C.*

**DATE:** May 23, 2019

**RE:** Ordinance 2019-11, Repealing KPB 5.18.430(F) which Requires  
Voter Approval to Increase the Sales Tax Cap (Carpenter)

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The sales tax cap has remained at \$500 since 1964, when the borough was formed. Per the Alaska Department of Labor Consumer Price Index Inflation Calculator for Anchorage, the value of \$500 in 1964 was \$3,222 in 2018.

The borough assembly and administration have been working to try to balance the budget and adequately fund education as well as the services provided by the borough. In the last few years increased sales tax and property tax exemptions, reductions in state funding for schools and local governments, and the ongoing needs for borough services have made it increasingly difficult for the assembly to balance the budget.

For 41 years, until 2005, voter approval was not required to increase the sales tax cap. It is not required by state law; instead, in 2005, it was imposed through a voter initiative. If this ordinance is approved, it would not increase the cap. However, if the assembly were to consider increasing the cap it would have to do so by ordinance following the standard public process. Members of the public would have the opportunity to comment both verbally and in writing on any such proposed ordinance.

I recognize that two recent attempts to obtain voter approval to increase the sales tax cap failed at the ballot box, but the borough and state's financial condition has worsened. Your support of this ordinance would be appreciated.