

**CITY OF SELDOVIA  
RESOLUTION 18-03**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SELDOVIA, ALASKA  
SUPPORTING KENAI PENINSULA BOROUGH ORDINANCE 2017-23 AN  
ORDINANCE AMENDING KPB 5.18.430 TO INCREASE THE MAXIMUM AMOUNT  
OF A SALE SUBJECT TO THE BOROUGH SALES TAX TO \$1000, EXCEPT FOR  
RESIDENTIAL RENTALS, SUBJECT TO VOTER APPROVAL**

**WHEREAS**, due to the continuing decline in state assistance to municipalities and school districts, the increasing loss in property tax revenues to the borough from exemptions on real property, and increasing reliance on borough funding for the school district, the borough must take steps to maintain its unrestricted fund balance into the future within financially prudent and responsible parameters; and

**WHEREAS**, KPB 5.18.430(A) currently provides for a maximum taxable amount of \$500, meaning the borough's sales tax is only applied to the first \$500 of each separate sale, rent, or service transaction unless otherwise provided; and

**WHEREAS**, Ordinance No. 9a, enacted by the assembly in 1965, set the maximum taxable amount of \$500 and this sum has never been adjusted for inflation or otherwise; and

**WHEREAS**, the 2016 value of \$500 in 1965 is approximately \$3,085 according to the Alaska Department of Labor Anchorage Consumer Price Index inflation calculator and approximately \$3,810 according to the U.S. Bureau of Labor Statistics Consumer Price Index inflation calculator; and

**WHEREAS**, this increase in the maximum taxable amount would disproportionately affect tenants of residential property who would pay the higher sales tax on a recurring basis each month; and

**WHEREAS**, while the revenue generated from this increase would be used for funding education, it would make other revenues available for general borough government purposes; and

**WHEREAS**, estimates indicate this increase would generate approximately \$2.9 million to \$3.1 million annually in revenue to the borough, which would help to protect the unrestricted fund balance in future years at current borough spending levels;

**NOW THEREFORE BE IT RESOLVED THAT:** The City Council by this resolution would support an increase to the maximum amount of a sale subject to the borough sales tax to \$1000 for each separate sale, rent or service transaction, except for residential rentals, within the Kenai Peninsula Borough

**PASSED and APPROVED** by a duly constituted quorum of the City Council of Seldovia, Alaska, this 13th day of September, 2017

APPROVED: *Dean Lent*  
Mayor, Dean Lent

ATTEST: *Heidi Geigel*  
City Clerk, Heidi Geigel

