

KENAI PENINSULA BOROUGH PROPOSITION SUMMARY

PROPOSITION NO. 2

INCREASING BOROUGH SALES TAX FROM 3.0 TO 3.1 PERCENT WITH THE ADDITIONAL 0.1 PERCENT TO BE USED FOR ECONOMIC DEVELOPMENT PURPOSES

To be voted on by all borough voters

Shall Ordinance 2011-23 providing for the imposition of a sales tax increase of 0.1 percent to be used solely for economic development purposes, be ratified?

Applicability: The Kenai Peninsula Borough is authorized by AS 29.35.210(a) to provide for economic development in the area of the borough outside of the cities. Pursuant to AS 29.35.110(c) a borough that has entered into an agreement with a city in the borough to cooperatively or jointly provide for economic development may use borough revenue from taxes collected areawide or nonareawide, to carry out the terms of the agreement.

Non-departmental expenditures in the budget are funded with property taxes and grants as all current sales taxes must be used for the school district pursuant to KPB 5.18.110(A); therefore, increasing the sales tax by .1 percent and using the proceeds from this increase to fund economic development would relieve some of the burden from property owners and shift it to all persons in the borough.

A 0.1 percent sales tax will add 1 cent to a \$10 sale, or 10 cents to a \$100 sale.

Before the borough may collect the additional tax it must enter into agreements with all cities in the borough to jointly or cooperatively provide for economic development.

Fiscal Note: If approved by a majority of the voters voting on the question at the October 4, 2011, the 0.1 percent would raise approximately \$900,000 annually, based on the FY2011 sales within the borough.

Implementation: Effective January 1, 2012, if ratified by the voters at the October 4, 2011 Regular Election.

BALLOT LANGUAGE

As approved by Ordinance 2011-23

Shall Ordinance 2011-23 providing for the imposition of a sales tax increase of 0.1 percent to be used solely for economic development purposes, be ratified?

- YES. [A YES vote will increase sales tax by 0.1 percent to be used solely for economic development purposes.]
- NO. [A NO vote will leave the sales tax rate at its current level of 3.0 percent.]