

KENAI PENINSULA BOROUGH
Proposition No. 2

REFERENDUM ON KPB ORDINANCE 2005-09

To be voted on by all borough voters

Shall Kenai Peninsula Borough Ordinance 2005-09, "An Ordinance Amending the Borough Code to Provide for Increased Revenue Enhancement Measures including Increasing the Borough Sales Tax Rate to Three Percent, Amending KPB 5.18 to Provide that Taxes on Recreational Package Sales Shall be Calculated on a Per-Person Per-Day Basis, Appropriation of a Portion of Fund Balance from the Land Trust Fund to the General Fund," be repealed?

YES [A Yes vote would repeal KPB Ordinance 2005-09.]

NO [A No vote would retain KPB Ordinance 2005-09.]

PROPOSITION SUMMARY:

On November 17, 2005, the Borough Clerk certified a referendum petition to repeal Kenai Peninsula Borough Ordinance 2005-09, which was enacted on June 7, 2005. As no special election was scheduled, this referendum automatically goes before the voters at the next regular election. Ordinance 2005-09 has been suspended since November of 2005, pending this referendum vote.

IF THE REFERENDUM IS APPROVED BY MAJORITY VOTE:

- ◆ Ordinance 2005-09 would be repealed.
- ◆ There would be no impact on the current rate of sales tax as an initiative election certified on October 11, 2005, established a 2 percent sales tax, and that rate cannot be altered for two years without referral to the voters pursuant to KPB 5.18.100 and AS 29.45.670.
- ◆ It would have no impact on the appropriations from the land trust fund made in the adoption of the FY07 budget, or future budget years, as the authority for the assembly to make that appropriation pre-existed the amendments of KPB 5.20.080 made by Ordinance 2005-09.
- ◆ The borough would not tax recreational package sales on a per-person, per-day basis for a period of two years after certification of the referendum election.

Page 1 of 2

IF THE REFERENDUM FAILS BY MAJORITY VOTE:

- ◆ Ordinance 2005-09 would become effective.
- ◆ Pursuant to AS 29.26.180(d), AS 29.45.670, and KPB 5.18.100, a 3 percent sales tax would become effective upon certification of the election, unless that effective date is extended by the assembly by ordinance.
- ◆ It would have no impact on the appropriations from the land trust fund made in the adoption of the FY07 budget as the authority for the assembly to make that appropriation pre-existed the amendments to KPB 5.20.080.
- ◆ The borough would tax recreational package sales on a per-person, per-day basis effective January 1, 2007, pursuant to Ordinance 2006-02 extending the effective date of Ordinance 2005-09, Section 2.