



## ***KENAI PENINSULA BOROUGH***

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**DAVID R. CAREY  
BOROUGH MAYOR**

**April, 2011**

**Dear Assembly Members:**

**Almost one month ago when Ordinance 2011-06 was introduced, I was asked by a radio station my thoughts on this Ordinance as I was a co-sponsor. I responded that I believe this is a needed part of the discussion of Borough financial options as I dealt with the 2012 Proposed Budget especially in regard to the need for funding the Borough's #1 State and Federal Priority- the Solid Waste project of the Homer Transfer Facility. I included this option in my discussions with you, the Assembly, at budget work sessions.**

**As I said on the radio one month ago, I do not believe this is the time to raise the Borough's Sales Tax Maximum amount (cap) to \$2500. Instead, I believe raising the amount to \$1000 should be considered even though that is less than 37% of the \$2765 adjusted amount of the 1965 Sales Tax Cap limit.**

**I understand that by increasing the Borough's Sales Tax Cap to \$2500 there would be no need to dip into the Borough's Fund Balance for the Proposed 2012 Budget; in fact, we would be able to increase the Fund Balance as would the cities that would be affected by this change. If the Assembly does raise the amount to \$2500 I am aware that the estimated revenue increase would be \$6,300,000 which is almost equivalent to (1.0) One Mill. I would support lowering the Property Tax Mill Rate if this is done as I believe property owners need all the tax breaks we can provide especially during the difficult economic times we face.**

**Dave Carey,  
Borough Mayor**