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**CITY OF HOMER
HOMER, ALASKA**

Novak/Roberts

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ORDINANCE 09-02

AN ORDINANCE AMENDING HCC 9.16.010 AND HCC 9.16.100 TO PROVIDE FOR THE LEVY OF A SALES TAX ON SALES OF NONPREPARED FOOD ITEMS IN THE CITY OF HOMER AT A RATE OF 3.0% DURING THE PERIOD FROM SEPTEMBER 1ST THROUGH MAY 31ST, AND AUTHORIZING THE CITY TO SUBMIT THE QUESTION OF LEVYING SUCH SALES TAX TO THE QUALIFIED VOTERS OF THE CITY AT THE OCTOBER 6, 2009 REGULAR CITY ELECTION.

WHEREAS, At the October 7, 2008 regular election held in the Kenai Peninsula Borough ("Borough"), the Borough voters approved an initiative proposition exempting sales of nonprepared food items from Borough sales tax during the period from September 1st through May 31st; and

WHEREAS, The City of Homer ("City") enacted Ordinance 08-32(S)(A-2) on December 8, 2008, providing for the same exemption of sales of nonprepared food items from City sales tax; and

WHEREAS, The exemption of sales of nonprepared food items from City sales tax is expected to have a significant impact on City revenues, and that impact will be demonstrated by experience with the exemption during the first half of 2009; and

WHEREAS, It is in the best interest of the City that the qualified voters of the City have an opportunity at the October 6, 2009 regular City election to express their choice whether to retain the City sales tax exemption for nonprepared food items during the period from September 1st through May 31st, or to reinstate a City sales tax on nonprepared food items at a rate of 3.0% during the period from September 1st through May 31st.

NOW, THEREFORE, THE CITY OF HOMER HEREBY ORDAINS:

Section 1. The City of Homer exercises the authority granted it under Kenai Peninsula Borough Ordinance 2008-28 to levy and collect a sales tax on nonprepared food items on a year-round basis notwithstanding Kenai Peninsula Borough Initiative Ordinance 2008-01.

Section 2. Homer City Code 9.16.010(a) is amended to read as follows:

9.16.010 Levied. a. A consumer's sales tax in the amount of three percent is levied by the City on all sales, rents and services within the City except as the same may be otherwise exempted by law; provided that the rate of sales tax on sales of nonprepared food items shall be 1.5% during the period from September 1 through May 31. This reduced tax rate on sales of nonprepared foods items shall no longer be effective if the exemption of sales of nonprepared food items from Kenai Peninsula Borough sales tax is

47 repealed or overturned. As used in this subsection, the term “nonprepared food items”
48 shall have the meaning ascribed to that term in Chapter 5.18 of the Kenai Peninsula
49 Borough Code, as the same may be amended from time to time.
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51 Section 3. Homer City Code 9.16.100 is amended to read as follows:
52

53 9.16.100 Exemptions. Except for sales of nonprepared food items, all sales, rents
54 and services that are exempted from sales tax under the Kenai Peninsula Borough Code
55 as amended from time to time shall be exempt from the sales tax levied by Section
56 9.16.010.
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58 Section 4. Sections 2 and 3 of this ordinance are of a permanent and general character
59 and shall be included in the city code.
60

61 Section 5. The City shall submit the following proposition to the qualified voters of
62 the City at the October 6, 2009, regular City election. The proposition must receive an
63 affirmative vote from a majority of the qualified voters voting on the question to be approved.

64 **PROPOSITION NO. ____**
65 **SALES TAX ON NONPREPARED FOODS**
66

67 Shall the City of Homer levy a sales tax on sales of nonprepared food
68 items at a rate of 3.0%, consisting of 0.75% to fund water and sewer systems
69 (HAWSP), 0.75% to fund construction of roads and trails (HART), and 1.5% for
70 the general fund during the period from September 1st through May 31st?

71
72 Section 6. The proposition shall be printed on paper ballots and machine ballots, and
73 the following words shall be added as appropriate next to an oval provided for marking the ballot
74 for voting by hand or machine:
75

76 PROPOSITION NO. ____

77
78 Yes
79 No
80

81 Section 7. Sections 1 through 4 of this ordinance shall become effective on January
82 1, 2010, but only if the proposition described in Section 5 is approved by a majority of the
83 qualified voters voting on the proposition at the October 6, 2009, regular City election. The
84 remaining sections of this ordinance shall become effective upon adoption
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86 ENACTED BY THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA, this 26th
87 day of January, 2009.
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CITY OF HOMER

James C. Hornaday
JAMES C. HORNADAY, MAYOR

ATTEST:

Jo Johnson
JO JOHNSON, CMC, CITY CLERK

AYES: 4
NOES: 2
ABSTAIN: 0
ABSENT: 5

First Reading: 1/12/09
Public Reading: 1/24/09
Second Reading: 1/24/09
Effective Date: 1/27/09

Reviewed and approved as to form:

Walt Wrede
Walt Wrede, City Manager

Thomas F. Klinkner
Thomas F. Klinkner, City Attorney

Date: 1/29/09

Date: 02-02-09