



## City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

## Office of the City Clerk

491 East Pioneer Avenue

Homer, Alaska 99603

[clerk@cityofhomer-ak.gov](mailto:clerk@cityofhomer-ak.gov)

(p) 907-235-3130

(f) 907-235-3143

# Memorandum

## Agenda Changes/Supplemental Packet

TO: MAYOR CASTNER AND CITY COUNCIL  
FROM: RENEE KRAUSE, MMC, ACTING CITY CLERK  
DATE: JUNE 17, 2024  
SUBJECT: SUPPLEMENTAL

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### CONSENT AGENDA

- e. Resolution 24-074, A Resolution of the City Council of Homer, Alaska in Support of Kenai Peninsula Borough Resolution 2024-029 Placing an Area Wide Question on the October 2024 Ballot asking Whether the Borough Should Levy Up to A 12% Tax on Short Term Accommodation Rentals and Overnight Camping Facilities, Exempt these Rentals from the General Sales Tax, and Provide that All Cities within the Kenai May Exempt up to One-Half of the Borough's Tax on these Rentals. Mayor/City Council.

Memorandum dated June 14, 2024 from Tyson Cox, KPB Vice President and Brent Hibbert, Assembly Member re: Kenai Peninsula Borough Substitute Resolution 2024-029 **Page 3**

- Bed Tax Comparison by Borough/City page 5-7
- Supporting Comments page 8
- KPB Resolution 2024-029 Substitute page 9-12

Public Comments Received

**Page 13**



# Kenai Peninsula Borough Assembly

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## MEMORANDUM

**TO:** Brent Johnson, Assembly President  
Members, KPB Assembly

**FROM:** Tyson Cox, Assembly Vice President  
Brent Hibbert, Assembly Member

**DATE:** June 14, 2024

**SUBJECT:** **LAYDOWN SUBSTITUTE** Resolution 2024-029, Placing an Areawide Question on the October 2024 Ballot Asking Whether the Borough Should Levy Up To a 12 Percent Lodging Tax on Short-Term Rental Accommodations and Overnight Camping Facilities, Exempt these Rentals from the General Sales Tax, and Provide that Up To One Half of the Tax May Be Exempted Inside Cities with an Adopted Lodging Tax (Cox, Hibbert)

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### **Reason for a laydown substitution for Resolution 2024-029:**

This laydown substitution is being brought forward to address suggested wording changes requested from several of our cities to clarify to the public that cities are not being required or given permission by the borough to levy a lodging tax of their own. This oversight was gladly corrected.

The second change is to the wording of the ballot proposition so that it includes the specific items from Section 2 of the resolution. Making the ballot question more specific as to what residents are being asked is intended to help voters with their decision making process. The edits in the substitute do not change the action to be taken if approved by voters.

Your support in replacing Resolution 2024-029 with Substitute Resolution 2024-029 is appreciated.

### **The below are supporting paragraphs for Substitute Resolution 2024-029:**

Placing a lodging tax (“bed tax”) question on the Borough ballot has been before the Assembly several times since 2017. Ordinances 2017-29 and 2018-24, which would have asked the voters to approve a bed tax, were defeated by the Assembly. In June of 2019 Ordinance 2019-09, an updated version of the previous ordinances, was passed by the Assembly then vetoed by the Mayor with a veto override failing 4 Yes, 4 No, 1 Abstained. Five years later, we are asking that the question be placed on the ballot. If approved, the intent would be that this tax will take effect on January 1, 2026.

Currently 49 Alaska cities and boroughs have a bed tax. The tax rates range from a low of 4% to a high of 12%. Of the 19 organized boroughs in Alaska only the Kenai Peninsula Borough, Aleutians East Borough, North Slope Borough, and North West Arctic Borough do not utilize an additional tax on temporary lodging. Of the five most populated boroughs in Alaska (Anchorage Borough, Matanuska-Susitna Borough, Fairbanks North Star Borough, Kenai Peninsula Borough, and Juneau Borough), only the Kenai Peninsula Borough is without an additional sales tax on short-term rental accommodations.

Like the other four most populated boroughs in Alaska, the economy of the Kenai Peninsula Borough relies heavily on the several hundred thousand visitors who travel to the Kenai Peninsula each year. This many visitors create a large demand on public services offered within the Borough, which impacts Borough services including solid waste, roads, recreational and senior citizen services, 911 and emergency services, hospital services, and disaster services.

If placed on the ballot and approved by a majority of the qualified voters, the intent would be to follow-up by enacting a new chapter of KPB Code. The code will:

- Apply to accommodations of less than 30 days;
- Remove the current 3 percent borough general sales tax from short-term accommodation and overnight camping rentals;
- Establish a borough lodging tax of up to 12 percent on short-term accommodation and overnight camping rentals with no daily sales cap of \$500;
- Exempt up to one-half of the borough's lodging tax in an amount equal to a similar city tax on these rentals with the intent of helping to level the temporary lodging rates inside and outside of the cities in the borough;
- Become effective January 1, 2026.

The revenue from this tax will help offset visitor costs, maintain the fund balance, and lower the Borough mill rate as appropriate. Your support in giving Borough residents a chance to vote on including this type of taxation in the Borough is appreciated.

*Please note that the intent is to postpone the hearing on this to the July 9, 2024 regular Assembly meeting to give residents, cities, and interested parties time to comment and make suggestions.*

# BOROUGHES WITHOUT A BED TAX

# BOROUGHES WITH A BED TAX

\* = BIG 5 BOROUGHES

Table 1B

Municipality	Sales Tax Rate	Sales Tax Revenue	Bed Tax Rate	Bed Tax Revenue	Car Rental Tax Rate	Car Rental Tax Revenue	Tobacco Tax Rate	Tobacco Tax Revenue	Alcohol Tax Rate	Alcohol Tax Revenue	Raw Fish Tax Rate	Raw Fish Tax Revenue	Marijuana Tax Rate	Marijuana Tax Revenue	Other Tax Revenue
Adak	4%	\$ 524,868	5%	\$ 27,634	0	\$ -	0	\$ -	0	\$ -	2%	\$ 100,200	0	\$ -	\$ -
Akiak	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Akiak (2022)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Akutan	1.5%	\$ 1,789,165	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Alakanuk	4%	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Aleknagik	5%	\$ 146,086	9%	\$ 158,230	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Aleutians East Borough	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	2%	\$ 4,824,614	0	\$ -	\$ -
Allakaket	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Amblar	3%	\$ 36,998	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Anaktuvuk Pass	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
* Anchorage	0	\$ -	12%	\$ 39,797,520	8%	\$ 12,635,887	12.61c/stick	\$ 20,986,097	5%	\$ 15,893,264	0	\$ -	5%	\$ 5,798,412	\$ 23,070,338
Anderson	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Angoon (20220)	3%	\$ 82,730	5%	\$ 5,782	0	\$ -	0	\$ -	0	\$ -	\$10/box	\$ 12,000	0	\$ -	\$ -
Aniak	2%	\$ 90,767	0	\$ -	0	\$ -	30% of wholesale	\$ 43,213	0	\$ -	0	\$ -	0	\$ -	\$ -
Anvik	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Atka	0	\$ -	10%	\$ 23,700	0	\$ -	0	\$ -	0	\$ -	2%	\$ 196,989	0	\$ -	\$ -
Atkasuk	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Bethel	6%	\$ 8,971,468	12%	\$ 515,506	0	\$ -	10.37c/stick or 45% wholesale	\$ 356,754	15%	\$ 554,351	0	\$ -	15%	\$ 892,643	\$ 515,506
Bettles	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA
Brevig Mission	3%	\$ 40,791	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Bristol Bay Borough	0	\$ -	10%	\$ 318,241	0	\$ -	0	\$ -	0	\$ -	3%	\$ 2,950,650	0	\$ -	\$ 4,389,490
Buckland	6%	\$ 210,900	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Chefornak	2%	\$ 56,520	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Chevak	3%	\$ 125,319	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Chignik	2%	\$ 14,172	\$3/night	\$ 1,695	0	\$ -	0	\$ -	0	\$ -	1% or 2%	\$ 109,028	0	\$ -	\$ -
Chuathbaluk	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Clark's Point	6%	\$ 37,041	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Coffman Cove	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Cold Bay	0	\$ -	10%	\$ 22,074	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ 33,188
Cordova	6%	\$ 4,093,781	6%	\$ 182,936	6%	\$ 8,836	6%	\$ 86,900	6%	\$ 86,900	0	\$ -	6%	\$ 86,900	\$ -
Craig	5%	\$ 1,884,812	\$5/day	\$ 34,125	0	\$ -	0	\$ -	6%	\$ 151,445	0	\$ -	10%	Not Provided	\$ 41,891
Deering	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA
Delta Junction	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Denali Borough	0	\$ -	7.5%	\$ 4,381,202	0	\$ -	0	\$ -	5%	\$ 408,600	0	\$ -	5%	\$ 65,585	\$ 59,539
Dillingham	6%	\$ 3,971,168	10%	\$ 125,635	0	\$ -	10c/stick or 45% wholesale	\$ 283,843	10%	\$ 304,609	0	\$ -	10%	\$ 95,070	\$ 40,458
Diomedes	4%	\$ 19,335	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Eagle	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Edna Bay	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Eek	2%	\$ 61,250	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Egegik	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	3%	\$ 3,002,439	0	\$ -	\$ -
Ekwok	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Elim	3%	\$ 148,001	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Emmonak	4%	\$ 354,343	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Fairbanks	0	\$ -	8%	\$ 4,279,586	0	\$ -	8%	\$ 1,185,478	5%	\$ 2,607,121	0	\$ -	5%	\$ 1,592,043	\$ 546,400
* Fairbanks North Star Borough	0	\$ -	8%	\$ 2,993,702	0	\$ -	8%	\$ 1,403,079	5%	\$ 1,350,005	0	\$ -	5%	\$ 312,521	\$ 79,647
False Pass	3%	\$ 121,616	6%	\$ 1,136	0	\$ -	0	\$ -	0	\$ -	2%	\$ 1,162,400	0	\$ -	\$ -
Fort Yukon	4%	\$ 203,101	0	\$ -	0	\$ -	4%	\$ 18,604	0	\$ -	0	\$ -	0	\$ -	\$ -
Galeana	3%	\$ 265,746	6%	\$ 16,618	0	\$ -	6%	\$ 25,431	6%	\$ 25,431	0	\$ -	0	\$ -	\$ -
Gambell	3%	\$ 46,020	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Golovin	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Goodnews Bay	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Grayling	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Gustavus	3%	\$ 525,308	4%	\$ 109,715	0	\$ -	0	\$ -	0	\$ -	\$10/box	\$ 14,080	0	\$ -	\$ -
Haines Borough	5.5%	\$ 4,384,640	4%	\$ 159,000	0	\$ -	\$2/pack or 45% wholesale	\$ 156,890	0	\$ -	0	\$ -	2%	\$ 21,912	\$ -
Holy Cross	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Homer	4.85%	\$ 13,202,822	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Hoonah	6.5%	\$ 3,089,808	0	\$ -	0	\$ -	15%	\$ 68,681	6%	\$ 105,792	0	\$ -	0	\$ -	\$ -
Hooper Bay	5%	\$ 424,716	0	\$ -	0	\$ -	10%	\$ 31,973	0	\$ -	0	\$ -	0	\$ -	\$ -
Houston	2%	\$ 541,604	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	3%	\$ 172,013	\$ 52,175
Hughes	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Huslia	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Hydaburg	6%	\$ 52,897	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
* Juneau	5%	\$ 67,821,581	9%	\$ 3,202,323	0	\$ -	\$3/pack or 45% wholesale	\$ 2,859,330	3%	\$ 1,236,462	0	\$ -	3%	\$ 437,224	\$ -
Kachemak	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Kake	5%	\$ 235,148	0	\$ -	0	\$ -	3%	\$ 8,529	3%	\$ 8,529	0	\$ -	0	\$ -	\$ -
Kaktovik	0	\$ -	12%	\$ 8,777	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Kaltag	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Kasaan	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Kenai	3%	\$ 9,227,194	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -

Municipality	Sales Tax Rate	Sales Tax Revenue	Bed Tax Rate	Bed Tax Revenue	Car Rental Tax Rate	Car Rental Tax Revenue	Tobacco Tax Rate	Tobacco Tax Revenue	Alcohol Tax Rate	Alcohol Tax Revenue	Raw Fish Tax Rate	Raw Fish Tax Revenue	Marijuana Tax Rate	Marijuana Tax Revenue	Other Tax Revenue
*Kenai Peninsula Borough	3%	\$ 45,937,596	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Ketchikan	4%	\$ 15,291,029	7%	\$ 818,595	0	\$ -	0	\$ -	0	\$ -	0	\$ -	5%	\$ 254,949	\$ -
Ketchikan Gateway Borough	2.5%	\$ 5,220,266	4%	\$ 106,710	0	\$ -	10c/stick	\$ 824,352	0	\$ -	2%	\$ 563,050	5%	\$ 116,096	\$ 38,823
Kiana (2022)	3%	\$ 71,683	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
King Cove	6%	\$ 929,261	0	\$ -	0	\$ -	0	\$ -	0	\$ -	2%	\$ 1,508,000	0	\$ -	\$ -
Kivalina	2%	\$ 59,590	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Klawock	6.5%	\$ 1,162,810	6%	\$ 27,860	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Kobuk	3%	\$ 2,553	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Kodiak	7%	\$ 16,599,840	5%	\$ 343,591	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Kodiak Island Borough	0	\$ -	5%	\$ 121,608	0	\$ -	15c/stick or 75% wholesale	\$ 829,274	0	\$ -	0	\$ -	0	\$ -	\$ 2,280,445
Kotlik	3%	\$ 132,019	0	\$ -	0	\$ -	10%	\$ 48,552	0	\$ -	0	\$ -	0	\$ -	\$ -
Kotzebue	6%	\$ 4,665,785	6%	\$ 114,383	0	\$ -	11c/stick or 55% wholesale	\$ 326,500	0	\$ -	0	\$ -	0	\$ -	\$ -
Koyuk	3%	\$ 78,820	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Koyukuk	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Kupreanof	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Kwethluk	5%	\$ 261,679	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Lake and Peninsula Borough	0	\$ -	6%	\$ 285,939	0	\$ -	0	\$ -	0	\$ -	2%	\$ 3,415,660	0	\$ -	\$ 25,279
Larsen Bay	3%	\$ 79,612	0	\$ -	0	\$ -	3%	\$ 1,571	0	\$ -	0	\$ -	0	\$ -	\$ 12,912
Lower Kalskag	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Manokotak	2%	\$ 37,405	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ 55,348
Marshall	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA
*Matanuska-Susitna Borough	0	\$ -	8%	\$ 1,690,730	0	\$ -	1.28c/stick	\$ 8,967,727	0	\$ -	0	\$ -	5%	\$ 1,830,811	\$ 859,609
McGrath	0	\$ -	10%	\$ 10,721	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Mekoryuk	4%	\$ 30,888	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Metlakatla (2022)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Mountain Village	3%	\$ 149,232	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Napakia	5%	\$ 111,806	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Napaskiak	3%	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Nenana	4%	\$ 207,283	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
New Stuyahok	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Newhalen	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Nightmute (2022)	2%	\$ 2,187	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Nikolai	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Nome	5%	\$ 7,089,170	6%	\$ 208,910	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Nondalton (2022)	3%	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Noorvik	4%	\$ 161,969	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
North Pole	5.5%	\$ 5,597,198	8%	\$ 183,635	0	\$ -	8%	\$ 120,640	6%	\$ 363,360	0	\$ -	0	\$ -	\$ -
North Slope Borough	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Northwest Arctic Borough	0	\$ -	0	\$ -	0	\$ -	52/pack or 45% wholesale	\$ 606,754	0	\$ -	0	\$ -	\$25/oz flower; \$10/oz stems	\$ 66,891	\$ -
Nuiqsut (2022)	0	\$ -	12%	\$ 209,851	0	\$ -	10c/stick	\$ 75,677	0	\$ -	0	\$ -	0	\$ -	\$ -
Nulato	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Nunam Iqaa	4%	\$ 20,850	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Nunapitchuk	4%	\$ 100,174	0	\$ -	0	\$ -	4%	\$ 34,018	0	\$ -	0	\$ -	0	\$ -	\$ -
Old Harbor	3%	\$ 35,851	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Ouzinkie	6%	\$ 26,883	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Palmer	3%	\$ 10,780,740	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Pelican	4%	\$ 215,908	\$14/night	\$ 32,076	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Petersburg Borough	6%	\$ 4,164,980	4%	\$ 71,821	0	\$ -	\$2.33/pack or 45% wholesale	\$ 274,071	0	\$ -	0	\$ -	\$25/oz	\$ 24,679	\$ -
Pilot Point	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	3%	\$ 1,751,752	0	\$ -	\$ -
Pilot Station	4%	\$ 154,279	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Platinum	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Point Hope (2022)	3%	\$ 193,951	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Port Alexander	4%	\$ 21,127	6%	\$ 2,144	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Port Heiden	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Port Lions	0	\$ -	5%	\$ 2,327	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Quinhagak	3%	\$ 216,566	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Ruby (2022)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Russian Mission	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Saint George	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Saint Mary's	3%	\$ 198,798	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Saint Michael (2022)	4%	\$ 172,108	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Saint Paul	3.5%	\$ 381,683	0	\$ -	0	\$ -	0	\$ -	0	\$ -	2% or 3.5%	\$ 524,888	0	\$ -	\$ -
Sand Point	4%	\$ 878,952	7%	\$ 11,727	0	\$ -	0	\$ -	0	\$ -	2%	\$ 310,522	0	\$ -	\$ -
Savoonga	4%	\$ 89,661	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Saxman	6.5%	\$ 4,939	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ 237,653
Scammon Bay (2022)	6%	\$ 189,714	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Selawik	6%	\$ 143,569	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Seldovia	2% Oct-Mar; 6.5% Apr-Sept	\$ 355,328	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Seward	4%	\$ 7,635,648	4%	\$ 804,511	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Shageluk (2022)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Shaktolik	4%	\$ 86,078	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Shishmaref	3%	\$ 102,804	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Shungnak	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA	NO DATA
Sitka	5% Oct-Mar; 6% Apr-Sept	\$ 19,168,501	6%	\$ 793,040	0	\$ -	90% wholesale or 13.48c/stick	\$ 846,826	0	\$ -	\$10/box	\$ 148,530	6%	\$ 125,754	\$ -

Municipality	Sales Tax Rate	Sales Tax Revenue	Bed Tax Rate	Bed Tax Revenue	Car Rental Tax Rate	Car Rental Tax Revenue	Tobacco Tax Rate	Tobacco Tax Revenue	Alcohol Tax Rate	Alcohol Tax Revenue	Raw Fish Tax Rate	Raw Fish Tax Revenue	Marijuana Tax Rate	Marijuana Tax Revenue	Other Tax Revenue
Skagway	3% Oct-Mar; 5% Apr-Sept	\$ 6,803,195	8%	\$ 153,036	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Soldotna	3%	\$ 10,007,421	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Stebbins	5%	\$ 146,522	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Tanana	2%	\$ 23,583	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Teller	3%	\$ 51,563	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Tenakee Springs	2%	\$ 20,107	6%	\$ 1,617	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Thorne Bay	6%	\$ 557,823	4%	\$ 12,095	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Togiak	2%	\$ 188,217	0	\$ -	0	\$ -	0	\$ -	0	\$ -	2%	\$ 77,983	0	\$ -	\$ -
Toksook Bay	2%	\$ 75,586	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Unalakleet	5%	\$ 450,688	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Unalaska	3%	\$ 10,305,540	5%	\$ 190,190	0	\$ -	\$2/pack or 4%	\$ 633,021	0	\$ -	2%	\$ 4,967,773	0	\$ -	\$ 5,221,717
Upper Kalskag	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Utgavik (2022)	10%	\$ -	5%	\$ 105,884	0	\$ -	\$2/pack or 20% wholesale	\$ 508,429	0	\$ -	0	\$ -	8%	\$ 188,997	\$ -
Valdez	0	\$ -	6%	\$ 559,726	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Wainwright	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Wales	3%	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Wasilla	2.5%	\$ 22,025,521	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Whale Pass	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
White Mountain	1%	\$ 20,345	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Whittier	5%	\$ 717,127	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ 400,515
Wrangell	7%	\$ 3,804,290	6%	\$ 64,591	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$10/oz flower, \$2/oz stems	\$ 6,364	\$ -
Yakutat	5%	\$ 1,758,703	8%	\$ 202,083	8%	\$ 40,238	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -

## **BENEFITS OF A KENAI PENINSULA BOROUGH LODGING (BED) TAX**

- **Reduced Burden on Residents:** It will reduce the tax burden on Peninsula residents by shifting a portion of local taxation to visitors who benefit from our community services and amenities.
- **Mill Rate Reduction:** It can be used to reduce the Kenai Peninsula Borough mill rate for all property owners.
- **Revenue Generation:** It can be used to fund essential services, infrastructure improvements, tourism promotion, education, etc.
- **Diversification of Revenue Streams:** It will diversify Borough revenue streams, making our peninsula less dependent on property taxes and general sales tax.
- **Fairness and Equity:** It will be applied at the same rate throughout Borough by exempting a portion in the cities to create a more fair and equitable situation for short-term lodging businesses, both, within and outside of the cities.
- **Simplification of Process:** It will simplify the collect process for all short-term lodging businesses by only requiring a percentage of the sale be collected for an entire stay of a person or group rather than on a per unit, per day basis as it is currently structured.
- **Community Ownership and Pride:** It can be used to support initiatives that strengthen our community's sense of ownership and pride, making the Peninsula an even more appealing destination to visit.
- **Destination Maintenance:** It will create revenue that can be used to maintain and improve the very attractions and services that draw visitors to our Borough.



Introduced by:

Cox, Hibbert

Date:

06/18/24

Action:

Vote:

**KENAI PENINSULA BOROUGH  
RESOLUTION 2024-029  
(SUBSTITUTE)**

**A RESOLUTION PLACING AN AREAWIDE QUESTION ON THE OCTOBER 2024  
BALLOT ASKING WHETHER THE BOROUGH SHOULD LEVY UP TO A 12  
PERCENT LODGING TAX ON SHORT-TERM RENTAL ACCOMMODATIONS AND  
OVERNIGHT CAMPING FACILITIES, EXEMPT THESE RENTALS FROM THE  
GENERAL SALES TAX, AND PROVIDE THAT UP TO ONE HALF OF THE TAX  
MAY BE EXEMPTED INSIDE CITIES WITH AN ADOPTED LODGING TAX**

**WHEREAS,** the Kenai Peninsula Borough ("borough") must raise revenue to protect the general fund which is declining because of losses in tax revenues due to our generous borough tax exemptions, to the continuing decline in state assistance to municipalities, and to the increasing reliance on borough funding for education; and

**WHEREAS,** currently, 49 Alaska municipalities including cities and boroughs have a short-term rental tax, also referred to as a short-term accommodations tax, room tax, bed tax or short-term lodging tax, in addition to other sales taxes, with such bed or lodging tax rates ranging from a low of 4 percent to a high of 12 percent; and

**WHEREAS,** of the 19 organized boroughs in Alaska only the Kenai Peninsula Borough, Aleutians East Borough, North Slope Borough, and North West Arctic Borough do not utilize an additional tax on short-term accommodations; and

**WHEREAS,** of the 5 most populated boroughs in Alaska (Anchorage Borough, Matanuska-Susitna Borough, Fairbanks North Star Borough, Kenai Peninsula Borough, and Juneau Borough) only the Kenai Peninsula Borough is without an additional lodging tax on short-term rental accommodations; and

**WHEREAS,** like the other 4 most populated boroughs in Alaska, the economy of the Kenai Peninsula Borough relies heavily on the several hundred thousand visitors who travel to the Kenai Peninsula each year; and

**WHEREAS,** this many visitors create a large demand on public services offered within the borough, which impact borough services including solid waste, roads, recreational services, senior citizen services, 911, emergency services, hospital services, and disaster services; and

**WHEREAS,** a lodging tax on short-term rentals would be defined to include a rental that is less than one month in duration; and

**WHEREAS,** a tax of 12 percent on short-term rentals is estimated to generate an additional revenue of approximately \$1,960,000 in FY2026, \$5,600,000 in FY2027, and \$5,600,000 in FY2028, not including any revenue collected from overnight camping facilities; and

**WHEREAS,** the estimated operating and capital cost to implement and collect a short-term accommodation tax of 12 percent is \$1,105,711 in FY2026, \$313,117 in FY2027, and \$318,680 in FY2028; and

**WHEREAS,** the tax cap of \$500 on sales in the borough outlined in KPB 5.18.430 will not apply to the tax levied on any short-term rental accommodations; and

**WHEREAS,** to enable the tax to apply evenly throughout the borough, the intent is for the ordinance that enacts the levy and code to exempt from the borough's 12 percent short-term accommodation tax an amount equal to a similar city tax of up to one-half of the borough's tax on such rentals inside cities with an adopted short-term rental tax; and

**WHEREAS,** the intent of a short-term lodging tax that exempts cities from up to one-half of the borough's tax in an amount equal to a similar city tax, is for the tax to apply more evenly throughout borough; and

**WHEREAS,** this resolution puts the question on the ballot, if approved, the borough would then follow-up with a short-term rental accommodations chapter of borough code, including overnight camping facilities, which will provide the levy, implementation, and process and procedure for the tax pursuant to AS 29.45.700(a) via future ordinance;

**NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:**

**SECTION 1.** That a ballot proposition shall be placed before borough voters at the regular election held on October 1, 2024 to read as follows:

Shall the Kenai Peninsula Borough levy an areawide lodging (bed) tax on short-term rental accommodations and overnight camping facilities?

This tax will:

- Apply to accommodations of less than 30 days;
- Remove the current 3 percent borough general sales tax from short-term accommodation and overnight camping rentals;
- Establish a borough lodging tax of up to 12 percent on short-term accommodation and overnight camping rentals with no daily sales cap of \$500;

- Exempt up to one-half of the borough's lodging tax in an amount equal to a similar city tax on these rentals with the intent of helping to level the temporary lodging rates inside and outside of the cities in the borough;
- Become effective January 1, 2026.

Yes \_\_\_\_\_ A "yes" vote means you approve of a borough tax on short-term rentals and overnight camping facilities of up to 12 percent that will remove the general sales tax on these rentals. Short-term and overnight camping rentals within cities would be exempted from up to one-half of the borough's tax in an amount equal to a similar city tax on these rentals.

No \_\_\_\_\_ A "no" vote means you oppose a borough tax on short-term accommodation rentals and overnight camping facilities of up to 12 percent that will remove the general sales tax on these rentals. Short-term and overnight camping rentals within cities would be exempted from up to one-half of the borough's tax in an amount equal to a similar city tax on these rentals.

**SECTION 2.** That, if approved by a majority of the qualified voters voting on the question, the intent would be to follow-up by enacting a new chapter of KPB Code, the code will:

- 1) Apply to accommodations of less than 30 days;
- 2) Remove the current 3 percent borough general sales tax from short-term accommodation and overnight camping rentals;
- 3) Establish a borough lodging tax of up to 12 percent on short-term accommodation and overnight camping rentals with no daily sales cap of \$500;
- 4) Exempt up to one-half of the borough's lodging tax in an amount equal to a similar city tax on these rentals with the intent of helping to level the temporary lodging rates inside and outside of the cities in the borough;
- 5) Define "Short-term rental accommodation".
- 6) Define "Overnight camping facilities".
- 7) Is effective January 1, 2026.

**SECTION 3.** That this resolution takes effect immediately.

**ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS \* DAY  
OF \*, 2024.**

---

Brent Johnson, Assembly President

ATTEST:

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Michele Turner, CMC, Borough Clerk

Yes:

No:

Absent:

**From:** [Melissa Jacobsen](#)  
**To:** [Renee Krause](#)  
**Subject:** FW: City Resolution in support of borough ordinance for the proposed tax to be put on the ballot  
**Date:** Monday, June 17, 2024 9:18:04 AM

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-----Original Message-----

From: Seafarer Suites <[info@seafarersuites.com](mailto:info@seafarersuites.com)>  
Sent: Monday, June 17, 2024 8:54 AM  
To: Melissa Jacobsen <[MJacobsen@ci.homer.ak.us](mailto:MJacobsen@ci.homer.ak.us)>  
Cc: [driftwoodinn@alaskan.com](mailto:driftwoodinn@alaskan.com)  
Subject: City Resolution in support of borough ordinance for the proposed tax to be put on the ballot

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Homer City Council

Via email

RE: Borough Resolution 2024-029

Dear Council Members:

Considering the timing of this Resolution being scheduled for your next Meeting today and noting this Resolution will directly affect those of us in the hospitality industry, please consider our two immediate requests on your Resolution in Support of Borough Resolution 2024-029:

1. Please postpone ALL action until after the 2024 Summer Season. This time of year all hospitality industry professionals are concentrating on maximizing our limited earning-time potential with visitors and guests which any fact also calculates two sales tax dollars. The KPB is 60 years old; missing the 2024 election cycle will NOT have long-term negative financial impacts on the Borough's finances.
2. Prior to passage of any Resolution calling for ballot language, please be willing to present the actual \*Draft of the proposed Ordinance. Resolution 2024-029 suggests this to happen post passage. We do not concur with a policy that may be materially different than general and undefined language presented to voters, such as is proposed in Section 2. of the Resolution.

Specifically: the reference to Definitions. Who/What/When/Where will this tax be implemented and enforced? And moreso the language is very confusing as to how the initial sales tax will be 'credited back', but the new tax would be up to 12% some of which is also shared with the Cities. We can see in the ordinance calculations on how 12% would help both the City and the Borough, but not the effect the lodge owners, in terms of practical application perhaps because the language on who exactly (campgrounds, RV parks, Airbnb homes, hotels, all inclusive lodges, Vrbo) will pay into this and a work session would be super helpful to gain clarity as to what the borough is asking the voters to actually support prior to a Resolution adding it to the ballot.

Many lodging owners are likely willing to work with the City, Borough Assembly & Borough Administration to craft a plan that is reasonable to all concerned; including scheduled work sessions that may include stakeholders, but especially the entities charged with tax collection and remittance.

Thank you for your prompt attention to this important matter.

Crisi Matthews, Owner

907-299-8700

**From:** [marcia kuszmaul](#)  
**To:** [Department Clerk](#)  
**Subject:** Resolution 24-074 written testimony  
**Date:** Friday, June 14, 2024 2:26:27 PM

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**CAUTION:** This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

The 23 Lodging Members of the Homer Bed & Breakfast Association (HBBA) respectfully submit the following testimony with regards to Resolution 24-074, A Resolution of the City Council of Homer, Alaska in Support of Kenai Peninsula Borough Resolution 2024-029.

HBBA opposed the Borough "bed tax" the previous times it has been proposed, most recently in 2019. Many of the reasons we opposed the tax then remain.

- Businesses in compliance with registering, collecting and remitting sales tax will continue to comply and collect and remit the higher tax. Businesses who are not in compliance will continue to not pay the higher tax. This puts businesses who are in compliance at a disadvantage because they will be charging guests up to 12% higher daily rate. Before the Borough imposes a higher tax on this single sector, it needs to prove that it is maximizing tax revenue by collecting current sales tax from all short-term rentals.
- HBBA and other local lodging businesses have asked the Borough to consider a lower, broader "Tourism Tax" that would apply to across multiple business categories and not levy so high a rate on any one sector. So far, as best we can tell, the Borough has not considered or evaluated this alternative and is applying a higher tax rate to a single sector. We continue to believe the Tourism Tax merits consideration as this model has been successful in other locals. [Tourism Tax | South Dakota Department of Revenue \(sd.gov\)](#)
- Revenues from the tax do not benefit the lodging sector or broader tourism in any way. In Anchorage, 1/3 of its 12% bed tax funds the convention center, 1/3 funds tourism marketing, 1/3 is general funds. The KPB proposal does nothing to support the business sector that is generating the revenue. Some would say it compromises the sector by increasing the cost of visiting the Kenai.
- Lodging business already pay more than their fair share of sales tax as we cannot apply the \$500 cap to a guest's full stay but against each day. And this proposal is not a net neutral cost to local lodging businesses. Increasing the amount of tax dollars collected increases the direct cost of credit card fees by hundreds to thousands of dollars per year per business, based on the number of accommodations a business has.

You can imagine that these resolutions could not have come at a worse time for our sector to engage on this issue as we are in the very midst of our busy season.

We ask that the Borough:

- bring forward an objective proposal with facts and figures with a cost/benefit analysis rather than a proposal that is mostly based on the reasoning that "everyone is doing it."
- consider a Tourism Tax at a lower rate across multiple tourism sectors to spread the effect around
- bring forward its plan at a time when those businesses who will be effective can reasonably engage and respond.

Respectfully,

Homer Bed & Breakfast Association Executive Committee

Marcia Kuszmaul, President, owner Juneberry Lodge

Lori Mikols, Vice President, owner Bay Avenue Inn

Susie Myhill, Secretary, owner Anchor Point Lodge

Byron Sansom, Treasurer, owner Homer Stay and Play