

HOMER CITY COUNCIL
491 E. PIONEER AVENUE
HOMER, ALASKA
www.cityofhomer-ak.gov



WORKSESSION
5:00 P.M. MONDAY
JUNE 20, 2016
COWLES COUNCIL CHAMBERS

MAYOR BETH WYTHE
COUNCIL MEMBER DAVID LEWIS
COUNCIL MEMBER BRYAN ZAK
COUNCIL MEMBER GUS VAN DYKE
COUNCIL MEMBER CATRIONA REYNOLDS
COUNCIL MEMBER DONNA ADERHOLD
COUNCIL MEMBER HEATH SMITH
CITY ATTORNEY HOLLY WELLS
CITY MANAGER KATIE KOESTER
CITY CLERK JO JOHNSON

WORKSESSION AGENDA

1. CALL TO ORDER, 5:00 P.M.

Councilmember Van Dyke has requested excusal.

2. AGENDA APPROVAL (Only those matters on the noticed agenda may be considered, pursuant to City Council's Operating Manual, pg. 5)

3. PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA

4. REVENUES FOR THE CITY

5. COMMENTS OF THE AUDIENCE

6. ADJOURNMENT

Next Regular Meeting is Monday, June 27, 2016 at 6:00 p.m. and Committee of the Whole 5:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

**CITY OF HOMER
HOMER, ALASKA**

Smith

ORDINANCE 16-30(S-2)(A)

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA, AUTHORIZING THE CITY TO ISSUE GENERAL OBLIGATION BONDS IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$12,000,000 TO FINANCE THE ACQUISITION AND CONSTRUCTION OF A POLICE STATION; AMENDING HCC 9.16.010 TO PROVIDE FOR AN INCREASE IN THE RATE OF THE CITY SALES TAX FROM 4.5% TO 5.5% FROM APRIL 1 THROUGH SEPTEMBER 30, WITH THE INCREASE PROVIDING FUNDS TO PAY DEBT SERVICE ON THE GENERAL OBLIGATION BONDS AND EXPIRING ON SEPTEMBER 30 OF THE YEAR WHEN THE CITY HAS RECEIVED SUFFICIENT FUNDS FROM THE INCREASE TO PAY ALL OF THAT DEBT SERVICE; AND SUBMITTING THE QUESTION OF THE ISSUANCE OF THE BONDS AND THE SALES TAX RATE INCREASE TO THE QUALIFIED VOTERS OF THE CITY AT THE OCTOBER 4, 2016 REGULAR CITY ELECTION.

WHEREAS, The City of Homer (the "City") is in need of a new police station; and

WHEREAS, The City Council views the acquisition and construction of a new police station and related capital improvements authorized herein as necessary and beneficial to the community, and determines that to fund such improvements general obligation bonds of the City should be authorized, issued and sold; and

WHEREAS, The City Council also deems it necessary to increase the rate of the City sales tax to provide funds to pay debt service on such general obligation bonds, with the increase expiring when the City has received funds from the increase that are sufficient to pay all debt service on the general obligation bonds; and

WHEREAS, Under the provisions of AS 29.47.190 the City may incur general obligation debt only after a bond authorization ordinance is approved by a majority of those voting on the question at a regular or special election; and

WHEREAS, Under the provisions of AS 29.45.700(b) and AS 29.45.670, the City may increase the rate of its sales tax only after an ordinance authorizing the increase is approved by a majority of those voting on the question at a regular or special election.

41 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:
42

43 Section 1. It is hereby determined to be for a public purpose and in the public interest
44 of the City to incur general obligation bonded indebtedness in an amount not to exceed
45 Twelve Million Dollars (\$12,000,000) for the purpose of paying the cost of planning, designing,
46 and constructing a new police station and related capital improvements.
47

48 Section 2. The City is authorized to borrow the sum of Twelve Million Dollars
49 (\$12,000,000) to finance the capital improvements described in Section 1, and the borrowing
50 shall be evidenced by the issuance of general obligation bonds of the City. The full faith and
51 credit of the City are pledged for payment of the principal of and interest on the bonds, and
52 ad valorem taxes upon all taxable property in the City shall be levied without limitation as to
53 rate or amount to pay the principal of and interest on the bonds when due.
54

55 Section 3. Homer City Code 9.16.010 is amended to read as follows:
56

57 9.16.010 Levied.

58 a. A consumer's sales tax in the amount of three and three-quarters percent is levied
59 by the City on all sales, rents and services within the City except as the same may be
60 otherwise exempted by law.

61 b. An additional consumer's sales tax in the amount of three-quarters percent is
62 hereby levied by the City of Homer on all sales, rents and services within the City except as
63 the same may be otherwise exempted by law, for the purpose of funding debt retirement of
64 the sewer treatment plant improvements, and to the extent revenues from such tax exceed
65 such debt retirement obligations, for the purpose of funding water and sewer systems.

66 c. An additional consumer's sales tax in the amount of one percent is hereby levied by
67 the City of Homer on all sales, rents and services within the City from April 1 through
68 September 30, except as the same may be otherwise exempted by law, for the purpose of
69 paying debt service on the bonds authorized by Ordinance 16-30(S-2)(A). The additional
70 consumer's sales tax shall be levied only on sales, rents and services made on or before
71 September 30 in the year when the City has received funds from the tax that are sufficient to
72 pay all debt service on the bonds.
73

74 Section 4. The City shall submit the following proposition to the qualified voters of the
75 City at the October 4, 2016 regular City election. The proposition must receive an affirmative
76 vote from a majority of the qualified voters voting on the question to be approved.
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PROPOSITION NO. ____
GENERAL OBLIGATION BONDS FOR A NEW POLICE STATION
AND RELATED CAPITAL IMPROVEMENTS;
1.0% SALES TAX RATE INCREASE TO 5.5%

Shall the City of Homer incur debt and issue general obligation bonds in an amount not to exceed Twelve Million Dollars (\$12,000,000) to finance the planning, design and construction of a police station and related capital improvements; and shall the rate of City sales tax be increased by one percent (1.0%) to five and one-half percent (5.5%) from April 1 through September 30, for the purpose of paying debt service on the general obligation bonds, until September 30 in the year when the City has received funds from the tax that are sufficient to pay all debt service on the bonds?

The bonds shall be secured by a pledge of the full faith and credit of the City.
(Ordinance 2016-30(S-2)(A))

Section 5. The proposition, both for paper ballots and machine ballots, shall be printed on a ballot which may set forth other general obligation bond propositions, and the following words shall be added as appropriate next to a space provided for marking the ballot for voting by hand or machine:

PROPOSITION NO. _____

OYes
ONo

Section 6. Section 2 of this ordinance shall become effective only if the proposition described in Section 4 is approved by a majority of the qualified voters voting on the proposition at the October 4, 2016 regular City election. Section 3 of this ordinance shall become effective January 1, 2017, but only if the proposition described in Section 4 is approved by a majority of the qualified voters voting on the proposition at the October 4, 2016 regular City election. The remaining sections of this ordinance shall become effective upon passage.

Section 7. Section 3 of this Ordinance is of a permanent and general character and shall be included in the City Code. The remainder of this ordinance is not of a permanent nature and as such, shall not be codified.

117 ENACTED BY THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA, this _____ day of
118 _____, 2016.

119
120 CITY OF HOMER

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123 _____
124 MARY E. WYTHE, MAYOR

125
126 ATTEST:
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129 _____
130 JO JOHNSON, MMC, CITY CLERK

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133 AYES:
134 NOES:
135 ABSTAIN:
136 ABSENT:

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139 First Reading:
140 Public Reading:
141 Second Reading:
142 Effective Date:

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144
145 Reviewed and approved as to form:

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147
148 _____
149 Mary K. Koester, City Manager

Holly C. Wells, City Attorney

150
151 Date: _____

Date: _____



City of Homer

www.cityofhomer-ak.gov

Administration
491 East Pioneer Avenue
Homer, Alaska 99603

(p) 907-235-8121 x2222
(f) 907-235-3148

Memorandum 16-092

TO: Mayor Wythe and Homer City Council
FROM: Katie Koester, City Manager
DATE: May 23, 2016
SUBJECT: Data to accompany Ordinance 16-30

The purpose of this memo is to provide Council with information to frame Ordinance 16-30, a general obligation bond for public safety and seasonal sales tax increase.

Bond Terms

The chart below presents a variety of options for the cost of issuing a bond. Voters authorize a not to exceed number, the City can always bond for less than the voters authorize. The Bond Bank clusters many communities together. It would be tight to make a fall 2016 issuance, but the next available sale would be soon thereafter in February or March of 2017.

Amount Borrowed	Term	Interest Rate	Annual Payment	+ 1.25 Debt ratio	+ Increased O&M \$144,000
		As of 04/12/2016			
11.5m	20 years	Current (2.6586%)	\$727,482*	\$909,353	\$1,053,353
11.5m	20 years	Current + 50bps (3.0853%)	\$759,760*	\$949,700	\$1,093,700
11.5m	30 years	Current (3.427%)	\$595,516*	\$744,395	\$888,395
11.5m	30 years	Current + 50bps (3.777%)	\$631,392*	\$789,240	\$933,240
		As of 5/16/2016			
12m	20 years	Current (2.6586%)	\$843,780	\$1,054,725	\$1,198,725
12m	20 years	Current + 50bps (3.0853%)	\$872,688	\$1,090,860	\$1,234,860
12m	30 years	Current (3.35%)	\$635,000*	\$793,750	\$937,750
12m	30 years	Current + 50bps (3.85%)	\$676,000*	\$845,000	\$989,000
		Estimate (combined)			
13m	20 years	Current (2.6856%)	\$913,992	\$1,142,490	\$1,286,490
13m	20 years	Current + 50bps (3.0853%)	\$945,300	\$1,181,625	\$1,325,625
13m	30 years	Current (3.35%)	\$731,892	\$914,865	\$1,058,865
13m	30 years	Current + 50bps (3.85%)	\$774,312	\$967,890	\$1,111,890

*Actual figures run by Alaska Bond Bank. Non-asterisk numbers are estimates based on online bond calculator tool and less arcuate.

Sales Tax Value by Tenths of a Percent

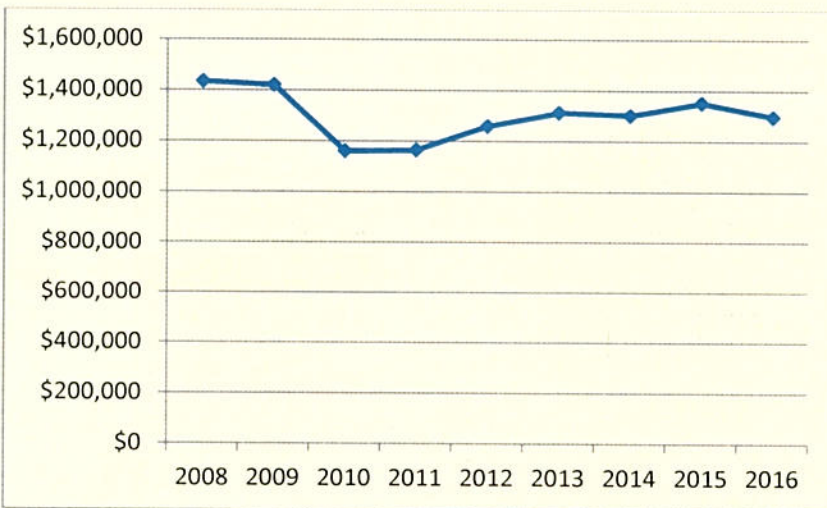
2015 Seasonal Sales Tax Value April – September (6mo)	
1%	\$1,222,000
0.90%	\$1,099,800
0.80%	\$977,600
0.70%	\$855,400
0.60%	\$733,200
0.50%	\$611,000

2015 Sales Tax Value	
1%	\$1,666,642
0.90%	\$1,499,978
0.80%	\$1,333,314
0.70%	\$1,166,649
0.60%	\$999,985
0.50%	\$833,321

First Quarter Sales Tax Revenue

First quarter sales tax is down just over 4% from last year's first quarter data. The 2016 budget is based on a 2% decrease in sales tax revenue for 2016.

January – March Historical Sales Tax Revenue



Year	Jan - March
2008	1,433,659
2009	1,419,869
2010	1,161,059
2011	1,164,786
2012	1,259,037
2013	1,313,448
2014	1,302,726
2015	1,352,305
2016	1,297,705

2015 Property Tax Returns (Budget vs. Actual)

Property tax receipts for 2015 actual are up \$40,000 from budgeted. This is just shy of 1.5%: \$2,890,000 up from budgeted number of \$2,855,000.

Can two questions (a tax increase and authority to bond, for example) be combined on one ballot?

From Attorney Klinkner:

The question of combining a proposition to issue bonds with a proposition to impose a tax to pay debt service on the bonds has not been addressed by courts in Alaska. However, while courts in other states may disapprove the combination of two unrelated questions in a single ballot proposition, this disapproval does not extend to ballot propositions that combine the question of issuing bonds with the question of levying a tax to pay the bonds. Courts have consistently approved such a combination. Indeed, some have held that the combination of the two questions is required. As a court in Texas explained:

The bonds and the tax [to pay the bonds] both had to be voted on. There could not be one without the other. Any voter who was in good faith for the bonds was also for the tax, and one against the tax was also against the issuance of the bonds. The voters were not entitled to have these two inextricably joined matters submitted separately so that they might cast unintelligent votes of being for the one and against the other.

As far as I could determine, the City bonds for the library were authorized (by Ordinance 04-030(A)) without any proposition for a sales tax increase for their payment being submitted to the voters. Alternate ordinances that would have combined the bond proposition with a proposition for a sales tax increase apparently failed at introduction.

Timing for Bond Ordinance

Staff has been operating under the assumption that the City of Homer is required to submit a ballot proposition to the U.S. Department of Justice 90 days before a regular election for preclearance as part of the Voting Rights Act. However, the Department of Justice requirement to review all bond propositions was overturned by the U.S. Supreme Court in 2013, thus negating the need to have propositions in place by July 1. This gives Council until the August 8th meeting to adopt a final proposition for placement on the October ballot.



KENAI PENINSULA BOROUGH

144 North Binkley Street • Soldotna, Alaska • 99669-7520
Toll-Free within the Borough: 1-800-478-4441
PHONE: (907) 714-2150 • **FAX:** (907) 714-2377
WEB: www.mayor@kpb.us

MIKE NAVARRE
BOROUGH MAYOR

MEMORANDUM

TO: Mike Navarre, Mayor

FROM: Larry Persily, Assistant to the Mayor *LP*

COPIES: Craig Chapman, Finance Director
Tom Anderson, Assessing Director
Colette Thompson, Borough Attorney

DATE: May 17, 2016

SUBJECT: Proposed sales tax and property tax code revisions

The months-long review of borough sales tax and property tax codes by personnel from the finance department (including sales tax, audit and property tax collections staffs), assessing and legal departments will produce three ordinances for assembly consideration:

- **To be introduced May 17:** Raising the taxable sales cap on goods and services to \$1,000 effective Jan. 1, 2017, an increase from the \$500 maximum established in 1965. If the 1965 amount had been adjusted for inflation over the past 51 years, the \$500 maximum would be in excess of \$3,000 in 2016. Resetting the maximum to \$1,000 is a reasonable, long-overdue adjustment, and would still be at the low end of maximum taxable amounts set by boroughs and cities in Alaska. The proposal also would exempt residential rent from sales tax, due to concern that renters would be disproportionately impacted by the increase in the maximum taxable transaction. The ordinance would add to code a provision to adjust the maximum taxable amount every five years, based on inflation, subject to assembly approval at each adjustment. If the assembly approves the ordinance, the increase in the maximum amount subject to sales tax per transaction would go before borough voters Oct. 4, 2016.
- **To be introduced June 7:** Reducing and then phasing out the optional \$150,000 senior citizen property tax exemption over the next seven years, but **only** for seniors who are not 65 years old by Dec. 31, 2017. Under this ordinance, senior citizens who are at least 65 years old by Dec. 31, 2017, and otherwise eligible for the exemption, would continue to

receive the full \$150,000 optional exemption for as long as they own qualifying residential property in the borough and otherwise remain eligible for the benefit (subject, of course, to any future assembly or voter actions). Starting with seniors who turn 65 in 2018, the exemption on taxable property value would be phased out in three steps. This ordinance would not change the exemption for the first \$150,000 in senior-owned residential property in the borough; only the second \$150,000 exemption, which is optional under state law, would change. The public policy issue is the increasing number of over-65 residents and the growing impact on borough finances, shifting more of the tax responsibility to other residents. The total amount of senior citizen-owned residential property exempt from property taxes in the borough increased 8% last year, and state projections show the number of over-65 borough residents almost doubling by 2030 to nearly one-quarter of the population. Statewide, the total amount of senior-owned residential property exempt from property taxes has increased an average of 7% per year over the past decade. If approved by the borough assembly, the change in the optional senior citizen property tax exemption would go before borough voters Oct. 4, 2016.

- Applicants who turn 65 between Jan. 1, 2018, and Dec. 31, 2020, would be eligible for a \$100,000 optional senior exemption on their taxable property value, in addition to the first \$150,000 in their property value and the \$50,000 exemption provided all residential properties in the borough; for a total exemption of \$300,000.
- Applicants who turn 65 between Jan. 1, 2021 and Dec. 31, 2023, would be eligible for a \$50,000 exemption in addition to the \$150,000 senior exemption and the \$50,000 residential exemption; for a total exemption of \$250,000.
- Applicants who turn 65 as of Jan. 1, 2024, would receive no additional senior citizen property tax exemption but would continue to receive the exemption on the first \$150,000 of property value and the \$50,000 exemption on all residential property; for a total exemption of \$200,000.
- There would be no change in borough code that provides for hardship exemptions for senior citizens who face property tax bills in excess of 2% of their household annual gross income after any exemptions are applied to their assessed value. Staff believes it is important to retain this provision without changes — in particular to ensure that economically vulnerable seniors are protected from heavy tax bills if their property has appreciated significantly in value during their long ownership.
- **To be introduced July 26:** The third ordinance will cover more than 40 sales tax and property tax code revisions. This ordinance and its multiple provisions are still under review, but the intent is to propose:
 - Eliminate the seasonal sales tax exemption for non-prepared foods sold through vending machines.
 - Increase the annual fee for sales tax-exempt cards for construction contractors.
 - Change the exemption for sales by nonprofit organizations to require collection of tax on sales; purchases by nonprofits would continue to be exempt from sales taxes.
 - Require collection of sales tax on alcohol sales at certain nonprofit events.

- Require collection of sales tax on flightseeing excursions that take off and land at the same location within the borough on the same day.
- Clarify the tax status of services performed in part outside the borough and in part inside the borough.
- Exempt businesses of less than \$2,500 a year in sales from the collection of sales tax.
- And more than three dozen changes in administrative procedures.

The proposed schedule for consideration of the three ordinances includes:

- May 17: Present the assembly with a spreadsheet of all the changes considered for the sales tax and property code revisions, along with a binder of backup materials — adding additional information to the binder as we move along in the process. Each proposal will be accompanied by an explanation of the proposed changes, reasons for the changes and any measurable revenue impacts to the borough and its residents.
- May 17: Introduction of the ordinance to raise the maximum taxable amount in the sales tax code and exempt residential rent from sales tax.
- June 7 and 21: Public hearings on the sales tax ordinance.
- June 7: Introduction of the ordinance to start phasing out the optional \$150,000 senior citizen property tax exemption in 2018 for applicants who turn 65 years old that year or later, and then closing off the program in 2024 to applicants who turn 65 years old that year or later.
- June 21 and July 26: Public hearings on the optional senior citizen property tax exemption ordinance.
- July 26 or Aug. 9: Assembly action on the sales tax and property tax exemption ordinances in order to make the ballot for the Oct. 4 election.
- July 26: Introduction of the third ordinance, covering sales tax and property tax code revisions that do not require a vote of the public.
- Aug. 9 and 23: Public hearings on the comprehensive tax code revisions ordinance.
- August and September: Community meetings throughout the borough to explain the ordinances and answer questions from the business community and the general public before the Oct. 4 election.
- Jan. 1, 2017: Implement changes in the tax codes.

Sales and property tax code revision proposals

Prepared by the Office of the Mayor, Kenai Peninsula Borough

SALES TAXES

	<u>Code section</u>	<u>Description</u>	<u>Gain or loss</u>	<u>Revenue impact</u>	<u>Proceed?</u>
1.	5.18.430	Raise the cap on taxable sales (goods and services) from \$500 to \$1,000 per transaction, effective Jan. 1, 2017. The cap has not increased since it was established in 1965 and is at the low end of municipal sales tax caps in Alaska. Adjusted for inflation, \$500 in 1965 is equal to more than \$3,000 in 2016. The code revision to raise the taxable maximum to \$1,000 would link the new cap to inflation, with an adjustment every five years, starting Jan. 1, 2022, subject to assembly approval at each adjustment. That ongoing adjustment, based on the Alaska Department of Labor Anchorage Consumer Price Index, would take effect Jan. 1 of the year immediately after each five-year calculation. For example, if inflation totals 10% for the five years 2017-21, the new cap starting Jan. 1, 2022, would be \$1,100. Raising the maximum taxable amount to \$1,000 would require voter approval, as per 5.18.430. The ballot question also would cover the five-year inflation adjustments.	Gain	Raising the cap would generate an estimated \$3.6 million for the borough (a full year) and more than \$1 million for cities. If the change took effect Jan. 1, 2017, the gain to the borough for FY17 is estimated at less than half the annual amount, due to tax collection periods. (These estimates assume no change in the taxation of residential rent; see below.)	
2.	5.18.200 A.	Exempt residential rent from sales tax if the maximum taxable transaction is increased. With an increase in the cap on taxable transactions to \$1,000, the change would disproportionately affect tenants of residential property who would pay the higher sales tax on a recurring basis each month -- a significant burden when multiplied by 12 monthly rent payments a year. Exempting residential rent from sales taxes would help serve the public policy objective of affordable rental housing.	Loss	The loss in revenue to the borough is estimated \$700,000 for a full fiscal year, and almost \$600,000 a year to the cities.	
3.	5.18.200 A.6.	Remove real property from the list of exemptions from sales taxes. The tax cap would apply to real property sales the same as any other sale, limiting the tax to the first \$1,000 of the sales price (if the cap is raised to that level).	Small gain	Estimated at less than \$50,000 a year in new revenue to the borough.	
4.	5.18.200 C.	Specify that purchases by a nonprofit are exempt from sales taxes, but sales by a nonprofit to the public are taxable -- the buyer is the taxpayer, not the nonprofit. Currently, sales by nonprofits are exempt from sales taxes. The code revision would exempt from taxes those sales at annual events such as Girl Scout cookies, Boy Scout popcorn and similar public fund-raising sales held by church, school or nonprofit organizations separate from an ongoing sales operation (such as a retail shop).	Gain	Estimated at \$100,000 to \$500,000 a year.	
5.	5.18.200 A.15.d.	Sales of non-prepared foods would be subject to year-round sales tax if the seller is not authorized to accept food stamps. This change would make snack bars, candy, chips, soft drinks and such sold at hardware stores, variety stores and other similar retail counters subject to sales tax, eliminating the seasonal tax exemption for non-prepared foods sold at such locations.	Small gain	Estimated at less than \$10,000 a year.	
6.	5.18.200 A.15.d.	Vending machine food sales would no longer be treated as tax-exempt non-prepared foods.	Small gain	Estimated at \$20,000 to \$50,000 a year.	

7.	5.18.200 A.11.	Clarify that flightseeing tours that take off and return on the same day at the same location in the borough (regardless if there is an intermediate stop along the way) are a service, subject to sales tax.	Gain	Estimated at more than \$200,000 a year.
8.	New section	Levy a \$10-per-box tax on packed catches from charter fishing customers. This excise tax would be assessed, collected and remitted by either the charter boat operator, if the operator or employee or agent packs the fish, or a processor, if the customer delivers the fish to a processor for packing. (Sitka and Gustavus impose such a tax; Sitka collected \$133,000 in 2015.) The borough's legal department is researching this option.	Gain	Unable to estimate.
9.	5.18.210 D. 5.18.430 G.	Clarify that the seller, such as but not limited to a charter fishing or tour operation, shall collect and remit sales taxes on the full sales price, regardless whether a cook, tour guide, boat operator, commission agent or other personnel included in the all-inclusive price are employees of the seller or independent contractors. This would address an enforcement issue of businesses passing on the sales tax responsibility to crew or contractors whose services are covered in the fees collected by the business. As a point of clarity, commission agents are not responsible for remitting sales taxes to the borough so long as the operator collects from the customer and remits to the borough sales taxes on the full retail price of the tour or service, including the commission. The commission shall be considered an intermediate service included in the full retail price and tax.	Negligible	Negligible
10.	5.18.430	Clarify that the sales tax cap in 5.18.430 shall not apply to sales of all-inclusive, single-price lodging and services, such as room or bed rentals, meals, recreation services and other amenities. Borough staff has seen an increase in all-inclusive lodges that bundle services into a single price, which makes it difficult, if not impossible, to separate out the room rate from the other services that are capped. The preferred solution is to exclude all such bundled sales from the sales tax cap in 5.18.430.	Negligible	Negligible
11.	5.18.430 D.	Clarify in code that a rental of an entire lodge or hotel for multi-person overnight use, such as a wedding party, does not exempt the rental from the borough's per-night, per-room application of sales taxes. However, this per-night, per-room taxation would not apply to a facility such as a work camp that usually and customarily is rented out as an entire unit to a company for use by multiple employees or contractors.	Negligible	Negligible
12.	5.18.450	Clarify the taxable point of sales/services for collecting sales taxes. This is a common administrative and taxpayer problem in the borough, particularly for services, such as when a service provider maintains a place of business in one jurisdiction but travels to another jurisdiction to provide the service. Such as a plumber with a shop in Soldotna who repairs a pipe for a homeowner in Kenai, and who does some of the work at the residence and some at the shop. Rather than adopt a complex allocation structure, and in the interest of simplicity for all concerned, staff recommends that the point of taxation be the location where the service is provided if 100% of the service is performed at that location. If the work is divided between more than one location in more than one tax jurisdiction, then 100% of the transaction shall be taxable at the service provider's place of business.	Neutral	No net gain in revenue predicted. This code revision would, however, affect how sales tax receipts are distributed between cities and the borough.

13.	5.18.300 and .500	For the sake of administrative and taxpayer convenience, and to reduce paperwork and tax filings, set a \$2,500 annual cap in sales before a small or occasional, part-time or temporary seller would be required to collect and remit sales taxes. This would eliminate insignificant tax returns from almost 2,000 filers (based on fiscal year 2015). Such businesses, however, would still be required to register with the borough each year, attesting to their expected sales, but would not be required to file tax returns. This no-tax registration could be handled under a different (simplified) system than taxable sellers, in an effort to reduce the workload for all parties. If a business during the year determines it has passed the \$2,500 threshold, it would be required to start collecting and remitting taxes to the borough and filing returns. This change in code would have minimal consequences in tax revenues, but would have significant benefit to the borough and small sellers from reduced tax filings.	Minimal loss	The change would reduce revenue to the borough and cities by less than \$50,000 a year.
14.	5.18.300 and .500	Code requires "all sellers" to file an application for a certificate of registration and file returns, even if they are completely exempt from collecting and remitting sales taxes. Staff recommends changing code to state that sellers completely exempt from collecting sales tax still would be required to register but could check a box on the application to certify that they are not engaged in any taxable sales of goods or services -- eliminating the requirement that they file countless tax returns full of zeros. This would help reduce paperwork for sellers and the borough.	Neutral	Paperwork reduction for all parties, with no noticeable impact on revenues.
15.	5.18.450	Clarify that a service provider with offices solely outside the borough, such as accountants or lawyers, would be responsible for collecting and remitting sales tax on services provided to a resident or business in the borough if at any point during the service the provider performed any of the work in the borough. That physical nexus would make 100% of the service taxable, with the location of the business that receives the service designated as the taxable point of sale.	Small gain	Unable to estimate.
16.	5.18.450	Specify that advertising services shall be subject to sales tax if the advertising is solicited from borough businesses and the material is printed, broadcast, distributed or delivered to addresses in the borough. This would cover mailers and other promotional materials, advertising magazines, Internet advertising and other media sold in the borough for distribution in the borough. If the advertising seller does not have a business address in the borough, the taxable point of sale would be the address of the buyer in the borough that purchases the advertising or promotional materials.	Small gain	Unable to estimate.
17.	5.18.450	Clarify that sales taxes on taxi fares shall be calculated based on the pick-up location of the fare, and amend code to specify that towing services shall be taxed at the point of delivery of the vehicle (as the pick-up location often is a remote site along a highway).	Neutral	Clarifies point of taxation, with no impact on revenues.
18.	5.18.200 A.12.	Remove the sales tax exemption for freight services, and clarify that freight, delivery and courier services shall be taxable; and specify that the taxable point of the transaction is the pick-up location.	Small gain	Unable to estimate.

19.	5.18.240	Clarify that a buyer residing outside the borough that purchases goods from a seller inside the borough for resale outside the borough is not required to obtain a tax-exempt resale certificate if the goods are delivered to the purchaser's place of business outside the borough. The intent of this revision is remove any uncertainty when a business in the borough, such as a jewelry maker, sells wholesale directly to a business out of the borough (or out of state) over which the Kenai Borough has no authority to require that the buyer apply for and maintain a resale certificate. However, buyers outside the borough that purchase goods from sellers in the borough for their own use or benefit -- not for resale -- shall be liable for the sales tax on those goods, regardless that it is delivered to the buyer outside the borough.	Small gain	No impact expected on resale sales; small gain possible in retail sales.
20.	5.18.450	Clarify that an out-of-borough business that sells, delivers or otherwise transfers goods to customers in the borough, either directly or indirectly through a sales agent, commission agent, distributor, reseller or independent contractor, shall be required to register with the borough and collect and remit sales taxes on the delivered price of the goods. Should that out-of-borough business fail to register and collect and remit sales taxes to the borough, then the local agent, contractor, reseller or independent distributor shall be responsible for registering with the borough, collecting and remitting the taxes on the delivered price of the goods.	Small gain	Unable to estimate.
21.	5.18.200 C.	Alcohol sold at a fund-raising event sponsored by a nonprofit organization is subject to sales tax if the drinks are sold and/or served by a licensed alcoholic beverage business.	Gain	Estimated at \$50,000 to \$100,000 a year.
22.	5.18.200 C.	Clarify that non-prepared food sales at a bar operated by a nonprofit organization are subject to sales tax. Currently, some locations treat such food sales as tax-exempt.	Minimal gain	Unable to estimate.
23.	5.18.200 C.	Exempt from sales taxes the total cost of a meal ticket sold by a nonprofit organization for events where a portion of the proceeds goes to the nonprofit organization. This would codify current practice.	Neutral	No impact; such sales currently are exempt.
24.	5.18.200 B.	Add federally recognized tribes to the list in code of organizations exempt from paying sales tax. This would serve to codify existing borough practice.	Neutral	Adopts current practice.
25.	5.18.210 C. and 5.18.225 A.1.	Amend both sections of the code dealing with the tax exemption for materials used in building construction so that they are the same: Materials permanently affixed to the structure are exempt from sales tax; but materials and equipment used during the construction and not affixed to the structure are taxable. This change would reduce a frequent enforcement issue and uncertainty for businesses that sell to contractors and owners/builders.	Small gain	Unable to estimate.
26.	5.18.225	Establish an annual payment-in-lieu-of-taxation card for owners/builders to lessen the potential for overuse of tax-exempt certificates and to reduce enforcement problems with businesses presented with the certificates. An owner/builder would apply for and receive a tax-exempt card good for one year; the card would be a different color each year for ease of identification at merchants. Under current code, the certificates are good for 12 months and can overlap calendar years. The fee for the annual card would be \$100; the same as the current \$100 tax-exempt certificate fee for owner/builders. A separate card would be required for each owner/builder project, linked to that address. As a matter of fairness, the code also would be amended to collect the same \$100 annual fee and adopt the same color-coded cards for contractors that currently pay \$10 for an annual tax-exempt resale certificate.	Small gain	There would be a small gain to the borough for the higher annual fee for tax-exempt cards for contractors, but the larger benefit is to make it easier for sellers to identify tax-exempt sales and to reduce audit uncertainty. Estimated gain at less than \$50,000, which would be shared with the cities.

27.	5.18.200 A.10.	Add late fees, overdrafts fees and interest charged on past-due accounts to the list of financial service transactions exempt from sales tax, and amend code to make clear the exemption for financial services applies to "FDIC- or NCUA-approved financial institutions" (this would add credit unions to the list). These changes would codify current practice. And amend code to add finance charges, penalties and interest charged by retailers, service providers and other sellers on delinquent accounts to the list of tax-exempt financial transactions.	Neutral	Adds current practice to code.	
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Administrative revisions to sales tax code

28.	5.18.530	Allow a business to retain 5% of the tax collected only if the business is paid in full on sales taxes or has entered into a borough-approved payment plan on back taxes owed.	Negligible	Negligible
29.	5.18.530 and 5.18.620	Allow a 15-day grace period after the due date on sales taxes before penalties start to accrue. Interest would begin accruing immediately upon the missed payment deadline.	Negligible	Negligible
30.	5.18.510 B.	Clarify that in the event the borough rejects a sales tax return, any interest and penalties shall start accruing with the original filing deadline of the return rather than the date the return was rejected. The borough reserves the right to reject a sales tax return for failure to comply with borough code up to one year from the date of filing.	Neutral	N/A
31.	5.18.555 A.	Conform code to current practice by allowing the finance director the discretion to accept amended returns more than a year after the original due date of the return.	Neutral	N/A
32.	5.18.130 C.	Clarify the process for a new owner of a business to request from the borough the amount of the tax liability owed by the former owner, and state clearly that any interest shall continue to accrue until the liability is paid in full.	Neutral	N/A
33.	5.18.230 C. and 5.18.310 E.	Eliminate the fee charged to applicants for government and nonprofit tax-exempt certificates, and delete the fee for duplicate certificates.	Negligible	N/A
34.	5.18.670 A.	Eliminate the fee for issuing a duplicate sales tax certificate.	Negligible	N/A
35.	5.18.130 D.	Clarify that the borough may initiate enforcement and collection actions for sales tax debt against "any officers, employees, agents, members, managers or partners of a corporation, limited liability company, limited liability partnership or limited partnership," to the fullest extent allowed by state and federal law.	Neutral	N/A
36.	5.18.660 A. and B.	Cross-reference this section with 5.18.130 regarding liens. And delete 5.18.660 B. as unnecessary, as the borough already notifies the seller prior to a sales tax lien being filed.	Neutral	N/A
37.	5.18.570	Administrative changes of deleting "hearing" from A. and amending C. to allow the borough to look back three years in an audit under the circumstances described in this section.	Neutral	N/A
38.	5.18.580 A.	Require sellers that want to dispute an estimate of their tax liability must do so in writing.	Neutral	N/A
39.	5.18.580 B.	To match code with current practice, eliminate "an informal meeting or hearing" from the description of a review between the seller and the borough.	Neutral	N/A
40.	5.18.580 C.	For administrative clarity, add "final" to the determination of a protest covered by this section.	Neutral	N/A

41.	5.18.580	Add a new section to state that written protests must be submitted within 30 days of a notice of estimated tax owed or the result of an audit or review or examination, or the determination shall be final, due and owing.	Neutral	N/A
42.	5.18.620	To strengthen borough code, insert a reference to state statute AS 29.25.070 dealing with enforcement actions, civil penalties and injunctive relief for violations of a sales tax ordinance. The state statute gives municipalities the authority for such actions.	Neutral	N/A
43.	5.18.240 A.	This is a correction to change "seller" to "buyer" and "sale" to "purchase" for the resale certificates covered by this provision.	Neutral	N/A
44.	5.18.210	Code clean-up to delete E. and F. dealing with resale exemptions for third-parties and employer-employee relationships.	Neutral	N/A
45.	5.18.430 D.	Correct a typographical error and clarify " ... each night <u>of</u> each rental unit ..."	Neutral	N/A
46.	5.18.900	Consolidate definitions from the sales tax code in one section.	Neutral	N/A
47.		Revise the code to make it gender neutral.	Neutral	N/A
48.		Reorganize sections of the code to group together common and related issues.	Neutral	N/A
549.	New section	Add a provision dealing with sellers who have moved and left no forwarding address: "If mail sent by the borough to the seller's last known address is returned more than two times, the borough's obligation to keep sending notices ceases."	Neutral	N/A

Sales tax options no longer under active consideration

1.	5.18.450	As much as borough staff researched the taxability of online purchases delivered into the borough, federal law appears to block any effort to equalize the tax status of online sales with local businesses. There are proposals before Congress that would allow states and municipalities to fully tax online sales of businesses that lack a physical presence or nexus in the tax jurisdiction (such as a local store), but no action is expected this year. The borough could revisit the issue if Congress changes the law.		
2.	5.18.200 A.15.	Leave unchanged the interpretation of non-taxable, non-prepared foods. Though staff looked at how the interpretation of code might be tightened to exclude such items as energy drinks and candy bars — which are not; as a matter of good public policy, in the same category of nutritional foods as milk, produce and fresh meat — the collective decision was that no administratively feasible definition exists that would not place an undue burden on business owners and create enforcement issues. The problem would be to clearly define prepared foods (taxable) as separate from non-prepared foods (non-taxable) in a way that is understandable and enforceable — and fair. Though a specific list might seem possible, the problem with such a list is what's missing, what's debatable (is a chocolate-covered energy bar "candy"), and what's open to misinterpretation.		
3.	New section	Staff considered but rejected an additional sales tax or excise tax on alcohol, similar to the alcohol taxes in two boroughs and four cities in Alaska where the rate varies from 3% to 6%. Alaska Statute 04.21.010 deals with municipal taxation of alcohol and there would be legal considerations if the borough wanted to impose a tax on alcohol sales in addition to its general sales tax.		
4.	New section	Staff considered but rejected a "raw fish tax" as is assessed in five boroughs and seven cities around the state. The tax would be assessed and collected at the point that the commercial fishing permit holder sells the catch to a processor or wholesaler, similar to the other municipalities and similar to the state's Fisheries Business Tax (AS 43.75). The tax would be assessed on the price paid to the commercial fisherperson. The borough received \$630,000 in FY2015 as its share of the state fish tax that ranges between 3% and 5% depending whether the processor is floating, shore-based or a cannery. Cities receive a separate share from the state.		
5.	New section	Staff considered but rejected an additional sales or excise tax on tobacco products (cigarettes, cigars, loose tobacco, chewing tobacco and electronic cigarettes). The state and several municipalities in Alaska impose substantial taxes on cigarettes and other tobacco products.		
6.	New section	Staff considered but rejected a sales tax on retail marijuana sales.		
7.	5.18.430 D.	Borough code currently requires payment of sales tax on motor vehicle leases on an annual basis, even though the leases generally are paid monthly. This allows a lessee to pay sales tax on a single invoice rather than 12 invoices. Changing to sales tax liability on each month's invoice would impose a substantially heavier tax burden on vehicle lessees. Staff recommends no changes in this provision.		
8.	5.18.610, .620 A., .630 and .640	Staff considered elimination but decided to retain the criminal provisions for violations of the sales tax code.		

9.	5.18.420	Code currently requires sales tax on equipment operating leases but not on equipment finance leases. Staff recommends no change in this section, as a financing lease is similar to a loan -- which is not taxable.			
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PROPERTY TAXES

	<u>Code section</u>	<u>Description</u>	<u>Gain or loss</u>	<u>Revenue impact</u>	<u>Proceed</u>
1.	5.12.105 A.	Implement a gradual phase-out of the optional senior exemption (i.e. the second \$150,000 property tax exemption) for senior citizens who are not 65 years old on or before Dec. 31, 2017. This change would not affect the mandatory senior exemption on the first \$150,000 in property value for senior citizens, or the residential property tax exemption of \$50,000. The phase-out of the optional senior exemption would not affect any property owners age 65 or older as of Dec. 31, 2017; they would continue to receive that full second \$150,000 exemption as long as they remain otherwise eligible for the benefit. For seniors who turn 65 between Jan., 1, 2018, and Dec. 31, 2020, the exemption would be \$100,000 for as long as they remain otherwise eligible. For seniors who turn 65 between Jan. 2, 2021, and Dec. 31, 2023, the exemption would be \$50,000 for as long as they remain otherwise eligible. For seniors who turn 65 on or after Jan. 1, 2024, there would be no additional exemption beyond the first \$150,000 in property value and the \$50,000 exemption allowed to all residential property owners in the borough.	Gain	No change in borough revenues until the phase-out begins in 2018. Though the cost to the borough from the senior property tax exemption would climb along with the aging population and property values, phasing out the second \$150,000 exemption would reduce that cost to the borough and service areas by an estimated \$200,000 in 2018. By 2024, when the phase-out is complete, the reduced cost to the borough and service areas is estimated at \$1.4 million a year, gradually increasing over time as the number of seniors with the exemption declines.	
3.	5.12.100	Adopt a definition in code of "community purpose" as it relates to the existing property tax exemption. There is no definition in code. Staff recommends adopting the definition provided by the Alaska Association of Assessing Officers, which references "the exclusive use of property ... which benefits the general public."	Negligible	N/A	
4.	5.12.100 D.	Add a requirement that requests for community-purpose, nonprofit, religious, charitable, cemetery, hospital or educational exemptions from property taxes must be filed by March 31 of the tax year and must be filed on a form provided by the assessor. The intent in providing and requiring a form is to encourage consistency and completeness in information to make a determination.	Neutral	N/A	
5.	5.12.105 G.	Define "primary residence" in code as it relates to the senior citizen/disabled veteran property tax exemption to minimize the possibility of granting the exemption to a property owner who receives a similar exemption in another city, borough or state. The amended definition would require that the property owner live in the Kenai Borough residence at least 184 days of the year (the same as the requirement to receive an Alaska Permanent Fund dividend), and that the property owner not have applied for or received a similar residency-based exemption for property in a different jurisdiction.	Unknown	Probably minimal.	

Administrative revisions to property tax code

6.	5.12.052 A. and .060 B.	Amend membership of the Board of Equalization to establish a pool of between five and nine members, and allow at least three members to convene as the board for tax assessment appeals. And amend code that in cases of an unexpected absence of a member, the borough clerk may request a volunteer from the borough assembly to sit on the panel. The intent is to make it easier to hold meetings with a quorum of members in order to expedite hearing decisions for property owners.	Neutral	N/A
7.	5.12.050 F. and .055 B.	Allow the borough clerk to notify property owners of Board of Equalization meetings by email rather than mail, but only if the property owner consents to email. The same email provision would be added to code for information requested of the borough by property owners in assessment appeals before the board.	Neutral	N/A
8.	5.12.060 D.	In the interest of saving time, delete the requirement that the Board of Equalization read aloud its procedures at the start of every meeting, so long as a copy of the procedures has already been provided to property owners.	Neutral	N/A
9.	5.12.060 G. and L.	Reduce from 30 minutes to 15 minutes the time allowed for each side to present its case at the Board of Equalization (code would continue to allow the board to grant exceptions).	Neutral	N/A
10.	5.12.060	Add a new provision that would allow the Board of Equalization to hear a single consolidated presentation of evidence upon agreement of all parties if a property owner is challenging the assessment of multiple similar parcels.	Neutral	N/A
11.	5.12.060	Amend code to make clear the Board of Equalization may discuss matters in executive session, to the extent allowed under borough and state law.	Neutral	N/A
12.	5.12.055 C.	Amend code to adopt the same one-day deadline for the borough clerk to provide a copy of the property owner's documents to the assessor as assessor documents must be provided to the property owner.	Neutral	N/A
13.	5.12.055 E.	Substitute "electronic transmission" for "fax" to allow use of email transmission for parties in an appeal to provide documents to the other side.	Neutral	N/A
14.	5.12.060 C. and R.	Amend code to clarify that the Board of Equalization attorney, not the borough clerk, shall prepare decision forms for the board.	Neutral	N/A
15.	5.12.060 T.	Amend code to clarify that requests for telephonic participation before the Board of Equalization do not have to be physically delivered to borough offices on Binkley Street.	Neutral	N/A
16.	5.12.180	Amend code to allow for the estate or executor or other responsible party to file a personal property tax return on behalf of a deceased individual.	Neutral	N/A

17.	5.12.260	Increase the threshold for the delinquent balance that must be owed on real property before the borough can foreclose on the property. The current minimum owed is \$20; the amendment would increase that to \$100.	Neutral	N/A
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Property tax options no longer under active consideration

2.	5.12.105 I.	Staff considered but decided against recommending any changes to borough code for the hardship exemption for senior citizens, which currently is determined based on the property owner's gross household income. If a property owner is eligible for the hardship exemption, their tax liability is limited to 2% of their household gross income.	Negligible	The borough receives fewer than half a dozen such exemption requests a year, though the number could increase if the exemption for the second \$150,000 in property value is phased out.
1.	5.12.105 E.	Staff considered an amendment to direct that the assessor, instead of the assembly, could determine good cause if a senior citizen or disabled veteran tax misses the application deadline for a property tax exemption. But state statute requires such cases must go before the assembly.		
2.	5.12.060 E.	After consideration of due process, no changes recommended in the procedure if a property owner does not appear at the board hearing.		
3.	5.12.117 and .210	After consideration, staff decided to retain the criminal penalties in code for filing a false personal property tax return or making a false representation in an application for a property tax exemption. Though the borough does not routinely file such criminal charges, staff determined it is useful to keep the option in code.		

2015 REVENUE OPTIONS

09/23/2015

BOROUGH

REVENUE	ANNUAL \$ VALUE	PRO	CON	BARRIER	HOW WOULD BECOME EFFECTIVE	RESPONSE FROM PUBLIC	NOTES
Raise Sales Tax Cap from \$500-1000	Under KPB ordinance, \$190,000 after rent exempted	Instituted Borough wide.	Burden on businesses, especially those that sell large items. Raise rent cost.	Unsure how much momentum is behind current proposal.	Ordinance by Borough and vote (note, it can be implemented w/o a vote, but the current proposal puts a vote to Borough residents).	Town Hall: 80% positive response; Online survey: 39.83% selected option	KPB Assembly Member Cooper has proposed putting this on the ballot will be reviewed by borough as part of comprehensive tax code review.
Bed Tax	\$120,000 per 1%	Captures revenue from visitors.	Targets one industry. Argument revenue should be dedicated to economic development. Not enough to balance budget unless very high.	Requires Borough action.	Borough would need to allow COH to institute a tax OR pass one themselves. Then would need a vote. Borough appetite for bed tax seems low. If Borough allowed City to collect tax, we would have to get in the business of tax collection. May be a possibility to collect as an excise tax.	Town Hall: 81% positive response; Online survey: 65.41% positive response	Estimate provided by KPTMC in 2012
Excise Tax	Unknown	Popular to tax alcohol, tobacco, and marijuana.	Difficult to implement. Revenue impact very unknown.	State rules, may be opportunity with marijuana changes.	Borough could implement an excise tax which would impact City. City may be able to implement, and collect, excise tax on own, but is it worth the expense?	Not polled	Lots of outstanding issues and potential with legalization of marijuana and desire to tax it.

COUNCIL

Eliminate COH \$20,000 Property Tax Exemption for Primary Residence	\$94,000	Can be implemented by Council.	Burden is on year round City of Homer residents. Does not raise much revenue.		Requires Council action only.	Town Hall: 42% positive response; Online survey: 25.79% selected option	The City cannot exempt more than \$50,000 on primary residence. Currently we exempt the first \$20,000, but could exempt less. The \$94,000 figure
Raise Property Tax 1 Mill	\$660,000 per mill.	Can be implemented by Council.	Increases taxes on residents when many of the services City provides are to entire Homer area.		Council pass a resolution by July 1, 2016 increasing the mill rate.	Town Hall: 65% positive response; Online poll: selected by 24.74% of respondents	Currently COH taxpayers pay 4.5 COH, 4.5 KPB and 2.3 SPH (total 11.3). According to HCC if property taxes increase to 6 mills, sales tax is eliminated.

VOTERS

2015 REVENUE OPTIONS

09/23/2015

REVENUE	ANNUAL \$ VALUE	PRO	CON	BARRIER	HOW WOULD BECOME EFFECTIVE	RESPONSE FROM PUBLIC	NOTES
Raise Sales Tax .5%	\$854,434	Raises sufficient funds to bring City close to closing the gap. Taxes non-residents who use City services.	Places burden on local business. Makes rents more expensive.	Need a vote of City residents.	Council would pass an ordinance to increase the sales tax and for a special election.	Town Hall: 85% positive response; Online survey: 35.43% selected option	Based on 2014 sales tax revenue. Revenue estimate for 2016 (2-4 quarters) is \$717,669. Current COH sales tax is 4.5% COH and 3% KPB.
1% seasonal sales tax increase (6 moths of year)	\$1,141,762	Captures more visitor revenue. Closes gap.	Burden on local businesses.	Need a vote of City residents.	Council would pass an ordinance to increase the sales tax for a special election.	Not polled	Based on 2014 sales tax revenue.
Repeal HART (direct .75% sales tax back to general fund)	\$996,601	No tax increase for public. Generates sufficient revenue to close the gap.	Eliminates funding for roads and trails, basic infrastructure Short term fix. Would effect road HSAD program.	Need a vote of City residents.	Council would pass an ordinance to not continue to fund HART and for a special election.	Not polled	Based on 2014 sales tax revenue. HART has been around since 1987.

Published on *City of Homer Alaska Official Website* (<http://www.cityofhomer-ak.gov>)

Closing the Gap: Town Hall Meeting and Online Survey Results



[1]

Closing the Gap: Results

Town Hall:

The Town Hall meeting was held July 20th in City Hall. We had a great turn out with approximately 100 attendees. The community members in attendance were provided an opportunity to share their opinions on City provided service and City departments. Participants were broken up into 4 separate groups, they were given stickers to indicate “Level of Importance” and “Level of Service” of 51 City provided services and 12 City departments. Department representatives and Council members were present in each group in order to answer questions community members had throughout the evening. The mood of the evening was very positive and constructive. Many thoughtful comments were made by the public, City representatives, and Council members. If there was an overarching theme to the evening it was that the community enjoys and appreciates the vast majority of the services the City provides and is willing to incur new or increased taxes in order to pay for them.

The 5 most ‘CRITICAL’ City provided services:

- 1-Fire Services and Protection
- 2-South Peninsula Haven House (Shelter & Child Advocacy Center Investigative Interviews)
- 3-Police Enforcement of all City, State, and Federal laws and COH ordinances
- 4-Emergency Medical Services (Ambulances)
- 5-Public Works Winter Road Maintenance (Snow Plowing, Snow Removal, Sanding, Culvert Clearing)

The 3 revenue streams the community is most ‘In Favor’ of:

- 1-Introduction of a Bed Tax (71% In Favor, 81% positive response)
- 2-Raising the Sales Tax Cap from \$500 to \$1,000 (64% In Favor, 80% positive response)
- 3-Reinstating the Seasonal Sales Tax on Non-Prepared Foods (55% in Favor, 82% positive response)

If we solely look at positive responses and not just votes on the highest end it shifts slightly. This encompasses 'In Favor', 'Mostly in Favor', and 'Somewhat in Favor'

The 3 revenue streams with the most 'Positive' responses:

- 1-Raising the Sales Tax by 0.5% (85% positive response)
- 2-Reinstating Seasonal Sales Tax on Non-Prepared foods (82% positive response)
- 3-Introduction of a Bed Tax (81% positive response)

Online Survey:

The intent of this survey was to gather information from the public on which City provided services are considered to be Core Services, what areas the public would like to see reduced, and what, if any, new or increased taxes they would be in favor of supporting. The survey was comprised of 5 questions and was open for 4 weeks. Over that time period was received nearly 500 responses which is approximately 40% of the total votes received in the last ballot measure. The theme is quite similar to the Town Hall meeting; we like our services and are willing to incur new or increased revenue streams to support them.

Top 6 City-Provided Services

City Resident	Non-City Resident
1-Police and Public Safety	1- Fire and EMS
2-Fire and EMS	2- Police and Public Safety
3-Winter Road Maintenance	3- Winter Road Maintenance
4-Airport	4- Airport
5-Summer Road Maintenance	5- Library
6-City Administration	6-Parks and Rec

There were only 2 City-Provided services that 50% or more of the City residents recommended reducing. Both of these services are estimated at roughly 2% of the entire general fund.

City Resident	Non-City Resident
1-Boards and Commissions (59%)	1- Boards and Commissions (58%)
1-City Support of Non-Profits (50%)	2- Planning and Zoning (53%)

When looking at revenue the theme was similar to the Town Hall. Nearly 91% of respondents were in favor of seeing some form of new revenue or increasing existing taxes in order to support City-Provided services.

- 1-Introduction of a Bed Tax (65% City Resident) (69% Non-City Resident)
- 2-Ending the Seasonal Non-Prepared food Tax Holiday (47%CR) (51%NCR)
- 3-Increasing Sales Tax Cap from \$500 to \$1,000 (40%CR) (41%NCR)

4-Increasing Sales Tax (35%CR) (35%NCR)

We received 74 comments regarding cuts and 184 comments for additional revenue. Many of the comments are valuable and should be considered. There were a few themes that stood out; attracting new business to the area, not moving forward with new buildings and projects, increasing fines and fees library/harbor/parking/beach, increase of taxes that affect all people who use city services, sin taxes alcohol/ marijuana/tobacco/junk food, and many others.






Attached:

Town Hall Meeting Dot Exercise

Town Hall Meeting Key Pad Polling

Online Survey Data; As a Whole, City Resident, Non-City Resident

Supporting Documents

-  [online_survey_with_all_data.pdf](#) ^[2] (164 KB)
-  [closing_the_gap_town_hall_worksheet- front_page.pdf](#) ^[3] (263 KB)
-  [closing_the_gap_town_hall_worksheet- ranking_updated.pdf](#) ^[4] (252 KB)
-  [closing_the_gap_town_hall_worksheet- dept_key_with_graph.pdf](#) ^[5] (304 KB)
-  [closing_the_gap_town_hall_worksheet- key_pad_revenue.pdf](#) ^[6] (221 KB)

Source URL: <http://www.cityofhomer-ak.gov/citymanager/closing-gap-town-hall-meeting-and-online-survey-results>

Links:

- [1] http://www.cityofhomer-ak.gov/sites/default/files/styles/gallery500/public/imageattachments/citymanager/page/7751/check_mark.jpg?itok=6VjkovWp
- [2] http://www.cityofhomer-ak.gov/sites/default/files/fileattachments/city_manager039s_office/page/7751/online_survey_with_all_data.pdf
- [3] http://www.cityofhomer-ak.gov/sites/default/files/fileattachments/city_manager039s_office/page/7751/closing_the_gap_town_hall_worksheet- front_page.pdf
- [4] http://www.cityofhomer-ak.gov/sites/default/files/fileattachments/city_manager039s_office/page/7751/closing_the_gap_town_hall_worksheet- ranking_updated.pdf
- [5] http://www.cityofhomer-ak.gov/sites/default/files/fileattachments/city_manager039s_office/page/7751/closing_the_gap_town_hall_worksheet- dept_key_with_graph.pdf
- [6] http://www.cityofhomer-ak.gov/sites/default/files/fileattachments/city_manager039s_office/page/7751/closing_the_gap_town_hall_worksheet- key_pad_revenue.pdf



Closing the Gap



2015 Homer City Town Hall Meeting

City- Provided Services			Level of Importance			Level of Service		
General Fund Supported Services		FY 2015	CRITICAL	MEDIUM	LOW	TOO LITTLE	ABOUT RIGHT	TOO MUCH
MAYOR-COUNCIL	4.7%	\$567,253	2	1	0	0	5	0
General Council and Legal Services for the City			25	17	3	1	15	10
Annual Audit Services			27	7	4	1	21	0
Lobbying Capital Projects and Legislation			6	25	14	2	13	14
Council Stipend			8	12	11	3	20	4
CITY CLERK	3.6%	\$430,035	0	0	0	0	0	0
Keeper of the Records – Catalog, Retention, Storage, Records Requests			30	11	1	1	24	0
Provide Information to the Public – Notice of Meetings, Agendas, Public Hearings, Newsletters			27	11	1	0	25	1
Attend and take minutes of Council, Commission, and Committee Meetings			24	10	3	1	20	0
Administer Elections			29	10	2	0	22	1
Manage Special Assessment Districts, Bids & Proposals			26	14	0	1	21	2
CITY ADMINISTRATION	8.3%	\$997,946	0	0	0	0	7	0
Implement Policy Directives from Council and Oversee all City Activities and Staff)			29	9	0	1	18	0
Land Management			17	13	1	2	17	2
IT (Telecommunications, Servers, Workstations, Help Desk)			23	5	1	2	21	0
Personnel (Manages Personnel, Health Insurance, FMLA, Workers Comp, Evaluations, Retirement)			20	9	3	0	18	1
Economic Development			12	15	8	3	12	12
CITY SERVICES PROVIDED BY NON-PROFITS	1.4%	\$164,875	0	0	0	0	0	0
Pratt Museum (Cultural Heritage Collections Care, Lifelong Learning Opportunities)			31	17	2	5	21	4
Chamber of Commerce & Visitor Center (Promotes Business Growth via Cooperative Marketing)			22	15	10	5	14	15
City Mini Grant Program for Area Non-Profits (Administered by The Homer Foundation)			22	16	3	11	17	4
Homer Hockey Association (Winter Visitor Draw)			7	18	16	9	8	13
South Peninsula Haven House (Shelter & Child Advocacy Center Investigative Interviews)			39	8	1	15	15	2
General Fund Supported Services		FY 2015	Level of Importance			Level of Service		
			CRITICAL	MEDIUM	LOW	TOO LITTLE	ABOUT RIGHT	TOO MUCH
FINANCE	7.0%	\$837,025	3	0	0	0	21	0
Budget			34	2	1	0	22	1
Accounts Payable & Receivable, Customer Service (Water& Sewer, SAD Billings, Harbor Billing)			26	3	1	0	22	2
Payroll			31	5	1	0	18	1
Grant Management			26	6	1	4	16	3
General Accounting & Treasury Management			31	3	1	2	23	0
PLANNING & ZONING	3.9%	\$465,315	0	1	0	0	0	0
Provide Development Information and Guidance to Builders, Businesses and Land Owners.			15	16	3	2	17	4
Review Zoning Permits, Conditional use Permits, and New Subdivisions.			18	13	1	6	15	2
Staff the Planning Commission, Parks & Recreation Comm, and Cannabis Advisory Comm.			9	16	3	3	18	3
Respond to Citizen Complaints and Code Violations.			14	16	5	5	14	7
Staffs City and Community Projects (Old Town Improvements, MAPP, Woodard Creek, NG Project)			11	13	10	4	17	4
LIBRARY	7.9%	\$954,685	0	0	0	0	0	0
Circulates Books and Media to Public (Acquire, Process, Maintain Collection)			34	6	2	3	26	3
Reference and Technology Assistance to Public (Computers, Internet, Videoconference)			25	7	2	1	24	4
Children's programs (Story time, Summer Reading, others)			29	12	1	4	23	4
Building Loan Repayment (\$99,824 per year)			29	8	3	1	26	3
General Fund Supported Services		FY 2015	Level of Importance			Level of Service		
			CRITICAL	MEDIUM	LOW	TOO LITTLE	ABOUT RIGHT	TOO MUCH
FIRE & EMERGENCY MEDICAL SERVICES	8.5%	\$1,025,484	0	0	0	7	15	0
Fire Services and Protection			44	0	0	8	22	0
Emergency Medical Services (Ambulances)			37	0	0	5	21	0
Public Education/Injury Prevention			27	13	1	7	15	4
Community Emergency Management			32	6	0	3	21	4
POLICE & PUBLIC SAFETY	29.0%	\$3,481,657	0	0	0	0	0	0
Enforcement of all City, State, and Federal laws and COH ordinances			38	1	0	12	16	0
Conduct Investigations, Apprehension, Arrest and Booking of Defendants			33	5	0	6	18	0
Develop and Participate in Community Relation/Education Programs (DARE, Project Drive)			22	17	4	6	16	0
Jail (Prisoner Welfare, Maintaining Prisoner Records, & Court Arraignments)			30	2	2	5	21	1
911 and Dispatch Calls (Coordinates Police, Fire, & EMS Response to Protect Life and Property)			15	1	0	6	21	1
Animal Control			21	16	5	8	20	4
General Fund Services		FY 2015	Level of Importance			Level of Service		
			CRITICAL	MEDIUM	LOW	TOO LITTLE	ABOUT RIGHT	TOO MUCH
AIRPORT	1.9%	\$222,743	16	11	10	2	15	5
Airport Facilities- O&M of the Building			8	14	4	1	20	2
PUBLIC WORKS COMBINED	19.2%	\$2,303,985	1	0	0	0	1	0
City Building Maintenance (Animal Shelter, Airport Terminal, City Hall, Fire, HERC, Library, Police)			30	10	3	8	19	3
Vehicle Maintenance/Repair (EMS, Fire, Police, Port, and Public Works Vehicles)			34	4	2	2	21	1
Capital Improvement Projects (Planning, Design, Inspection, Permit Issuing)			15	17	9	2	16	7
Summer Road Maintenance (Repairs, Sweeping, Gravel Road Grading, Dust Control, Ditching)			27	12	2	3	23	0
Winter Road Maintenance (Snow Plowing, Snow Removal, Sanding, Culvert Clearing)			34	7	1	1	26	2
PARKS & COMMUNITY RECREATION	4.7%	\$560,961	0	0	0	0	2	0
Parks & Grounds Maintenance/Beautification (Cemetery, City Buildings, Campground, Restroom)			24	19	3	7	24	1
Educational and Recreational Programing			24	12	9	5	25	3
		100.0%						\$12,011,964.00

* Note General fund only, The Enterprise and Water & Sewer are not included due to the Self-Sustaining nature of their operations.