

2015 REVENUE OPTIONS

09/23/2015

BOROUGH

REVENUE	ANNUAL \$ VALUE	PRO	CON	BARRIER	EFFECTIVE 2016?	HOW WOULD BECOME EFFECTIVE	RESPONSE FROM PUBLIC	NOTES	ADD. INFO. 9/14 Packet
Raise Sales Tax Cap from \$500-1000	Unknown	Instituted Borough wide.	Burden on businesses, especially those that sell large items. Raise rent cost.	Unsure how much momentum is behind current proposal.	No	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.	KPB Ordinance 2015-09. Page 33
Internet Sales	Unknown	Wouldn't it be great to tax Amazon! Or at least tax those sales that are taxable...	Barriers to implementation.	Borough would have to expand its taxation of internet sales to its full ability. City taxing on own requires Borough approval and would be logistically difficult.	No	A) Borough would expand its taxation of internet sales to full extent allowed by constitution (lots of rules apply, most sales not taxable). B) Borough would allow municipalities to tax internet sales. Then the City would have to collect tax.	Not polled	Limitations on what you can tax are severe. Store has to have a physical presence in Borough/State.	Memo from City attorney on taxation of internet sales. Pg. 39
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.	Unlikely	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.	Town Hall: 81% positive response; Online survey: 65.41% positive response	Estimate provided by KPTMC in 2012	Tourism, Its Everyone's Business Flyer. Pg. 45
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.	Maybe?	Borough could implement an excise tax which would impact City. City may be able to implement, and collect, excise tax on own.	Not polled	Lots of outstanding issues and potential with legalization of marijuana and desire to tax it.	

COUNCIL

Increasing Fines for Code Violations	Negligible	Can be done by Council.	Enforcement can cost more than revenue (officer/staff/legal time).		Yes	With budget cycle.	Town Hall: 67% positive response; Online survey: 29.77% selected option	Staff will review fee schedule and propose reasonable increases for 2015 budget cycle.	
---	------------	-------------------------	--	--	-----	--------------------	---	--	--

2015 REVENUE OPTIONS

09/23/2015

REVENUE	ANNUAL \$ VALUE	PRO	CON	BARRIER	EFFECTIVE 2016?	HOW WOULD BECOME EFFECTIVE	RESPONSE FROM PUBLIC	NOTES	ADD. INFO. 9/14 Packet
Reinstate Seasonal Sales Tax on Non-prepared Food	\$833,473	Can be implemented by Council. Not a 'new' tax.	Taxes basic necessity. Regressive.	Voters will likely remove option to not participate for first class cities in October.	Only if voters fail October ballot initiative.	Ordinance by Council.	Town Hall: 82% positive response; Online survey: 46.96% selected	Sales tax that would have been generated from 9/1 to 5/31: 2010-2011 \$735,501; 2011-2012 \$794,163; 2012-2013 \$812,065; 2013-2014 \$833,473	KPB Ordinance 2008-28. Pg. 31
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.		Yes	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	Certified Real Property from KPB. Pg. 37
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.		Yes	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.	KPB Mill Rate Chart. Pg. 13
VOTERS									
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.	Yes - after first quarter	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.	Yes	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.	Yes	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.	HART fund activity reports. Pg. 15 Legislation enacting HART. Pg. 17 HART Policy Manual. Pg. 21