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5/14/18

**CITY OF HOMER  
HOMER, ALASKA**

Mayor

**RESOLUTION 18-047**

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,  
SUPPORTING KENAI PENINSULA BOROUGH ORDINANCE 2018-12  
INCREASING THE BOROUGH SALES TAX RATE FROM 3.0 PERCENT  
TO 3.5 PERCENT, SUBJECT TO THE APPROVAL OF THE VOTERS,  
FOR THE PURPOSES OF FUNDING EDUCATION.

WHEREAS, The Kenai Peninsula Borough is facing difficult fiscal times that has resulted in the need for new revenue to fund schools and balance the budget without deficit spending; and

WHEREAS, Spending savings is not a long term sustainable option; and

WHEREAS, It is in the best interest of the City of Homer to have adequately funded Borough services, especially schools and education; and

WHEREAS, The Kenai Peninsula Mayors, Councilmembers and City Managers met in a work session with the Kenai Peninsula Borough Assembly and Administration on May 7th to discuss Borough revenue challenges; and

WHEREAS, At the work session the Borough Mayor indicted the need for a strong and solid voice among Peninsula communities regarding how to solve the revenue issues facing the Borough; and

WHEREAS, A number of revenue options were discussed including a drastic increase from 3% to 5% of Borough sales tax coupled with a 1 mill decrease in the mill rate; and

WHEREAS, The City of Homer depends on sales tax revenue to fund over 70% of general fund services; and

WHEREAS, Sales tax is an important mechanism for the City to capture revenue from area residents who use City services;

WHEREAS, A 5% Borough sales tax on top of the 4.5% City of Homer sales tax would leave no room for even a modest City of Homer sales tax increase to fund needed capital projects such as the Homer Police Station; and

41 WHEREAS, While the City of Homer can support a modest .5% increase of the Borough  
42 sales tax anything more than .5% would severely negatively impact businesses in the City of  
43 Homer; and

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45 WHEREAS, A reduction in the mill rate is ill-advised during tight financial times; and

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47 WHEREAS, Any increase in sales tax disproportionately affects the hospitality industry  
48 since sales tax is assessed on lodging transactions on a daily basis; and

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50 WHEREAS, Capturing revenues lost through property and sales tax exemptions should  
51 be re-examined by the Assembly as an option for addressing any future revenue shortfalls  
52 rather than additional sales tax increases.

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54 NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, supports  
55 Kenai Peninsula Borough Ordinance 2018-12 increasing the Borough sales tax rate from 3.0  
56 percent to 3.5 percent, subject to the approval of the voters, for the purposes funding  
57 education.

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59 PASSED AND ADOPTED by the Homer City Council this 14<sup>th</sup> day of May, 2018.

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62 CITY OF HOMER

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66 BRYAN ZAK, MAYOR

67 ATTEST:

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71 MELISSA JACOBSEN, MMC, CITY CLERK

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73 Fiscal Note: N/A