

KENAI PENINSULA BOROUGH PROPOSITION SUMMARY

PROPOSITION NO. 1

REPEAL OF THE SEASONAL SALES TAX EXEMPTION ON NON-PREPARED FOOD ITEMS

To be voted on by all borough voters

Shall the seasonal exemption of non-prepared food items from borough sales taxes be repealed?

Initiative Ordinance 2008-01 effective January 1, 2009, exempted all sales of non-prepared food items from the borough sales tax from September 1 until May 31 each year. The voters approved this exemption during the October 2008 regular election.

This seasonal sales tax exemption has resulted in annual reductions in borough sales tax revenues of approximately \$1,550,000 in fiscal year 2009, \$2,890,000 in fiscal year 2010, and is estimated at about \$2,800,000 for fiscal year 2011.

All sales taxes are required by KPB 5.18.110(A) to be used for borough school purposes; repealing this exemption would make more funds available to fund education. If this proposition is approved, the sales taxes available for education would increase and the school funds contributed from property taxes could be reduced.

Fiscal Note: If approved by a majority of the voters voting on the question at the October 4, 2011 election, borough sales tax would once again be collected on the sale of non-prepared food items year-round.

Implementation: Repeal of Initiative Ordinance 2008-01 would be effective January 1, 2012.

BALLOT LANGUAGE

As approved by Ordinance 2011-03

Shall the seasonal exemption of non-prepared food items from borough sales taxes be repealed?

- YES. *[A YES vote will repeal the 9-month exemption of non-prepared food items from sales taxes.]*
- NO. *[A NO vote will continue the 9-month exemption of non-prepared food items from sales taxes.]*