

Introduced by:	Mayor
Date:	05/04/04
Hearings:	05/18/04 & 06/01/04
Action:	Postponed until 06/01/04
Action:	Failed as Amended
Vote:	4 Yes, 5 No
Action:	Notice of Reconsideration given by Superman
Action:	Motion to Reconsider Failed
Vote:	4, Yes, 4 No
Date:	06/14/04

**KENAI PENINSULA BOROUGH
ORDINANCE 2004-13**

**AN ORDINANCE AMENDING KPB 5.18.430, SALES TAX COMPUTATION -
MAXIMUM TAX, BY INCREASING IT FROM \$500 TO \$1,000**

WHEREAS, KPB Chapter 5.18 provides authority for and specifies the amount of tax to be applied on the first \$500 of each separate sale, rent, or service transaction; and

WHEREAS, the KPB Sales Tax Code has not been amended to increase the maximum tax computation since the adoption of KPB Ordinance No.9, effective July 1, 1965; and

WHEREAS, by increasing the maximum tax computation from the current \$500 to \$1,000, an additional amount of approximately \$1.9 million could be generated and used to minimize any future mill rate increases;

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

SECTION 1. That KPB 5.18.430 is hereby amended as follows:

5.18.430. Computation—Maximum tax.

The tax shall be applied only to the first ~~[\$500.00]~~ \$1,000.00 of each separate sale, rent or service transaction, except as otherwise provided in this section.

- A. Except as provided below for long-term vehicle leases, the payment of rent, whether for real or personal property, in excess of ~~[\$500.00]~~ \$1,000.00 and for more than one month, shall be treated as several separate transactions covering the rental/lease for one month each.
- B. Services provided on account and billed to the customer on a periodic basis are subject to application of the tax on a maximum of ~~[\$500.00]~~ \$1,000.00 of each billing, per account.

For purposes of this section, any advance payment for services other than to a trust or escrow account is considered to be paid pursuant to a "billing."

- C. Each night's rental of each individual room shall be considered a separate transaction and therefore the maximum tax computation shall be calculated on a per room per night basis.
- D. Long-term vehicle leases shall be treated as one transaction per year, and per fractional year, of the lease term. The tax paid for any fraction of a year shall equal the tax paid for a whole year. The sales tax for the entire long-term vehicle lease shall be due and collected at the time of the first payment. Tax shall be calculated at the sales tax rate in effect on the day the lease is signed. There shall be no refund of such taxes should the lease terminate earlier than on its terms. Any extension of the initial lease term shall be treated as a new long-term vehicle lease.

SECTION 2. That on or before May 1, 2006, the administration shall provide a report to the assembly comparing sales data and sales tax information concerning businesses subject to the sales tax collection requirements for the calendar year 2005. Additionally, the administration shall provide any other information that it deems relevant to a determination of the effect that this ordinance may have on businesses within the borough.

SECTION 3. That this ordinance becomes effective January 1, 2005.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS * DAY OF *, 2004.

Pete Sprague, Assembly President

ATTEST:

Linda S. Murphy, Borough Clerk