

## MEMORANDUM

**TO:** Grace Merkes, Assembly President  
Members, Kenai Peninsula Borough Assembly

**FROM:** John J. Williams, Borough Mayor

**DATE:** August 18, 2008

**SUBJECT:** Ordinance 2008-28, authorizing the general law cities in the borough to levy and collect sales taxes on nonprepared food items

In October voters of the borough will be asked to decide whether or not to exempt non-prepared food items from sales tax from September 1 until May 31 of the next year. The cities of Kenai and Seward are home rule municipalities and may legally opt out of this exemption without borough approval. Thus the cities of Homer, Seldovia, and Soldotna would be the only cities affected by this ballot measure.

On August 13, 2008, the Soldotna City Council passed Resolution 2008-052. This resolution asks the assembly to introduce and pass an ordinance giving the city the OPTION to continue to tax regardless of how the October ballot question is decided. The city is asking that this be done in timely manner, with ample opportunity for public comment and assembly action prior to the election. Homer has an ordinance pending on the outcome of the election. I believe that it is in the best interest not only of the borough but also of the cities of Homer, Seldovia, and Soldotna to provide them with the option of continuing to tax the non-prepared food items year - round.

That is why I am asking the assembly to allow introduction of this lay-down ordinance and to set public hearing dates of September 2 in Soldotna, and September 16 in Homer. Your support is greatly appreciated.