

7a(1)



TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting City Manager

DATE: August 10, 2022

RE: **Establishing October 1, 2022 as a Sales Tax Holiday**

Ketchikan Gateway Borough Clerk Kacie Paxton has advised the City Manager's Office that at the August 15, 2022 meeting, the Borough Assembly will consider adopting Resolution No. 2951 establishing October 1, 2022 as a sales tax holiday. This date coincides with the distribution of the 2022 Alaska Permanent Fund Dividend to Alaska residents. Traditionally the City Council has agreed to waive sales taxes on such dates that the Borough Assembly has declared as a sales tax free day. According to the attached information provided by the Ketchikan Gateway Borough Finance Department, \$35,309 in City sales taxes were forgone in 2021 with a \$1,114 dividend distribution.

A motion has been prepared for City Council consideration.

Motion: Pursuant to Section 3.04.035 of the Ketchikan Municipal Code, I move the City Council declare a Sales Tax Holiday on Saturday, October 1, 2022 and suspend the collection of sales tax on goods and services during the Sales Tax Holiday, pursuant to similar action to be taken by the Ketchikan Gateway Borough Assembly.

KETCHIKAN GATEWAY BOROUGH

RESOLUTION NO. 2951

A Resolution of the Assembly of the Ketchikan Gateway Borough, Establishing a Sales Tax Holiday on October 1, 2022

RECITALS

- A. WHEREAS**, the Ketchikan Gateway Borough Assembly finds that it is in the best interest of the community to provide an opportunity for a "sales tax holiday" upon which no sales tax would be collected by participating merchants in order to promote economic development ; and
- B. WHEREAS**, KGBC 4.50.340 sets forth the procedures by which the Assembly may declare a sales tax holiday; and
- C. WHEREAS**, the Assembly finds that any sales tax holiday will only be effective if it is offered and promoted by the Borough and the City of Ketchikan; and
- D. WHEREAS**, the Ketchikan City Council will be considering a resolution during their August 18, 2022 meeting, establishing a sales tax holiday on October 1, 2022.

NOW, THEREFORE, IN CONSIDERATION OF THE ABOVE FACTS, IT IS RESOLVED BY THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH as follows:

Section 1. The Assembly declares that October 1, 2022, shall be a sales tax holiday subject to the terms of KGBC 4.50.340. Further, the Assembly finds that the requirement in KGBC 4.50.340 shall be satisfied at which time the Ketchikan City Council declared the same day a sales tax holiday.

Section 2. This resolution shall be effective upon the adoption of a similar action of the Ketchikan City Council approving a sales tax holiday for October 1, 2022.

ADOPTED this 15th day of August, 2022.

Rodney Dial, Borough Mayor

ATTEST:

Kacie Paxton, Borough Clerk

APPROVED AS TO FORM:

Glenn Brown, Borough Attorney

| | | | Borough | | | City | | | Combined |
|------------------------------------|----------------------------|---------------|-------------|-------------------|---------------|-------------|-------------------|---------------|---------------|
| Holiday Occurred In What Month: | Participating Merchants | PFD Amount | Sales* | Sales Tax Rate | Taxes Forgone | Sales | Sales Tax Rate | Taxes Forgone | Taxes Forgone |
| October 2021 | 61 | \$1,114 | \$901,791 | 2.50% | \$22,545 | \$882,720 | 4.00% | \$35,309 | \$57,854 |
| July 2020 | 56 | \$992 | \$881,246 | 2.50% | \$22,031 | \$864,369 | 4.00% | \$34,575 | \$56,606 |
| October 2019 | 57 | \$1,606 | \$861,367 | 2.50% | \$21,534 | \$849,345 | 4.00% | \$33,974 | \$55,508 |
| October 2018 | 72 | \$1,600 | \$1,364,006 | 2.50% | \$34,100 | \$1,352,679 | 4.00% | \$54,107 | \$88,207 |
| October 2017 | 66 | \$1,100 | \$1,049,755 | 2.50% | \$26,244 | \$1,038,813 | 4.00% | \$41,553 | \$67,796 |
| | | | \$5,058,165 | | \$126,454 | \$4,987,926 | | \$199,517 | \$325,971 |

* All sales which are subject to areawide sales tax, including sales occurring within the Ketchikan City limits.