



City Manager
334 Front Street
Ketchikan, AK 99901

Phone (907) 228-5603
Fax (907) 225-5075

TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting City Manager

DATE: September 8, 2022

RE: **Update Regarding the Proposed March 25, 2023 Sales Tax Holiday**

At its August 18, 2022 meeting, the City Council adopted a motion approving a Sales Tax Holiday on October 1, 2022. This action corresponded with similar action taken by the Ketchikan Gateway Borough Assembly on August 15, 2022. At its meeting, the City Council suggested that a second sales tax holiday be established on March 25, 2023 in advance of the implementation of a 6.0% seasonal sales tax established through the approval of Ordinance No. 22-1949, contingent upon similar action by the Borough Assembly.

The attached correspondence from Borough Clerk Kacie Paxton explains that the current Ketchikan Gateway Borough Code of Ordinances only allows for one sales tax holiday each year. Clerk Paxton has advised of a schedule the Assembly would need to undertake should there be interest by the Assembly to amend the Borough Code to allow for more than one sales tax holiday. At its meeting of September 6, 2022, the Assembly provided direction to Borough staff to develop an ordinance for Assembly consideration that would amend the code, to be presented in first reading at the Assembly's September 19, 2022 meeting.

Pending Assembly final action, the City Council will need to adopt a motion approving the March 25, 2023 Sales Tax Holiday at a subsequent meeting.

Lacey Simpson

From: Kacie Paxton <kaciep@kgbak.us>
Sent: Friday, August 19, 2022 2:01 PM
To: Lacey Simpson; Kim Stanker; Michelle Johansen
Cc: Ruben Duran; Cynna Gubatayao; Charlanne Thomas
Subject: RE: Assembly Adopts Resolution 2951 Setting Sales Tax Holiday for October 1 Contingent on City Adoption

CAUTION: External Email

This email originated from a source outside the City of Ketchikan. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Lacey,

Borough code currently allows for only one tax holiday per year. We will seek direction from the Assembly on whether they would like staff to draft an ordinance amending borough code to allow for more than one tax holiday per year. If directed by the Assembly, we will draft the ordinance, which will require two readings of the Assembly. Upon passage of the ordinance, we would then draft a resolution seeking Assembly approval for the March 25th sales tax holiday.

Potential timeline of earliest dates for Assembly action:

September 6: Seeking direction whether to draft ordinance amending Borough code
September 19: Potential first reading of code ordinance, if directed by Assembly
October 3: Potential second reading of code ordinance, if directed by Assembly
October 17: Potential resolution setting tax holiday for March 25, if directed by Assembly

Kacie Paxton, MMC
Borough Clerk, Ketchikan Gateway Borough

From: Lacey Simpson <LaceyS@City.Ketchikan.Ak.Us>
Sent: Friday, August 19, 2022 11:58 AM
To: Kacie Paxton <kaciep@kgbak.us>; Kim Stanker <KimS@City.Ketchikan.Ak.Us>; Michelle Johansen <MichelleJ@City.Ketchikan.Ak.Us>
Cc: Ruben Duran <rubend@kgbak.us>
Subject: RE: Assembly Adopts Resolution 2951 Setting Sales Tax Holiday for October 1 Contingent on City Adoption

Hi Kacie,

Last night the City Council approved the October 1, 2022 Sales Tax Holiday. A motion was made to approve a second holiday on March 25, 2023 prior to the implementation of the City's seasonal sales tax rate, contingent upon similar action by the Borough Assembly. Is this something that can be proposed to the Assembly for their consideration?

Thank you,
Lacey

From: Kacie Paxton <kaciep@kgbak.us>
Sent: Tuesday, August 16, 2022 11:19 AM
To: Lacey Simpson <LaceyS@City.Ketchikan.Ak.Us>; Kim Stanker <KimS@City.Ketchikan.Ak.Us>; Michelle Johansen <MichelleJ@City.Ketchikan.Ak.Us>

Cc: Ruben Duran <rubend@kgbak.us>

Subject: Assembly Adopts Resolution 2951 Setting Sales Tax Holiday for October 1 Contingent on City Adoption

CAUTION: External Email

This email originated from a source outside the City of Ketchikan. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Lacey,

Just a quick follow-up to let you know that last night the Assembly adopted Resolution 2951 Approving a Sales Tax Holiday for October 1, contingent on a similar action by the City Council.

Kacie Paxton, MMC

Borough Clerk, Ketchikan Gateway Borough

907.228.6604 www.kgbak.us

--

This email has been processed with the City of Ketchikan SPAM filter. Please still be diligent with suspicious emails as no SPAM filter is 100% effective.

NEW BUSINESS

Establishing October 1, 2022 as a Sales Tax Holiday

Moved by Zenge, seconded by Kistler pursuant to Section 3.04.035 of the Ketchikan Municipal Code, 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.

Acting City Manager Simpson answered questions from the Council.

Moved by Bradberry, seconded by Gass to amend the motion to add a second tax-free holiday on April 1, 2023 with the concurrence of the Borough Assembly.

A lengthy discussion ensued, and Councilmember Bradberry withdrew her motion with the consent of the seconder.

Moved by Bradberry, seconded by Mahtani to amend the main motion by adding a second tax-free holiday on March 25, 2023 with the concurrence of the Borough Assembly taking similar action.

Acting City Manager Simpson thought the last sales tax holiday equated to about a \$35,000 reduction in city sales tax revenues.

Motion to amend passed with Flora, Zenge, Gass, Kistler, Bradberry, Gage and Mahtani voting yea.

Main Motion as amended passed with Gage, Zenge, Bradberry, Flora, Mahtani, Gass and Kistler voting yea.

**Budget Transfer – Water Street Trestle No. 1 Reconstruction –
Alaska Department of Transportation & Public Facilities
(ADOT&PF)**

Moved by Bradberry, seconded by Gage the City Council authorize a budget transfer in the amount of \$215,527 from Appropriated Reserves of the Public Works Sales Tax Fund to the Public Works-Streets Division's 2022 Water Street Trestle No. 1 Reconstruction Capital Account for the required local match to the State of Alaska Department of Transportation & Public Facilities (ADOT & PF) to fund this project.

Motion passed with Mahtani, Kistler, Gass, Zenge, Bradberry, Gage and Flora voting yea.

**Supplemental Emergency Medical Transport (SEMT) Program
Funding**

Moved by Kistler, seconded by Bradberry the City Council take such action as determined appropriate regarding the use and allocation of the Supplemental Emergency Medical Transport program funds.

Fire Chief Hines informed the City was able to obtain this money by the State because of his administrative assistant and two other employees in the Finance Department. He explained the three different options provided to the Council in the manager's report. He said there are many things we can use this money for that would greatly benefit our community; like pairing our paramedics with mental health professionals, which some other communities are already doing.