

e. Establishing October 5, 2024 as a Sales Tax Holiday

TRANSMITTAL MEMORANDUM

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TO: The Honorable Mayor & City Council Initials: 

FROM: Delilah A. Walsh, City & General Manager File #: MGR24-550

DATE: August 21, 2024 Mtg. #: 09/05/24 CAe

RE: **Establishing October 5, 2024 as a Sales Tax Holiday**

The Ketchikan Gateway Borough Assembly, at their regular meeting of August 19, 2024, adopted Resolution No. 3064, approving October 5, 2024, as a sales tax holiday. This date coincides with the distribution of the 2024 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 a sales-tax-free day. According to the attached information provided by the Ketchikan Gateway Borough Finance Department, \$38,829 in City sales taxes were forgone in 2021 with a \$1,312 dividend distribution.

A motion has been prepared for City Council consideration.

Recommended 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 5, 2024, 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. 3064

A Resolution of the Assembly of the Ketchikan Gateway Borough, Establishing a Sales Tax Holiday on October 5, 2024

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 the authorization of a sales tax holiday at an upcoming meeting.

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 5, 2024, 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. Effective Date. This resolution shall be effective upon the adoption of a similar action of the Ketchikan City Council approving a sales tax holiday for October 5, 2024.

ADOPTED this ____ day of _____, 2024.

Rodney Dial, Borough Mayor

ATTEST:

Kacie Paxton, Borough Clerk

APPROVED AS TO FORM:

Glenn Brown, Borough Attorney

Holiday Occurred In What Month:	Participating Merchants	PFD Amount	Borough			City			Combined
			Sales**	Sales Tax Rate	Taxes Forgone	Sales	Sales Tax Rate	Taxes Forgone	Taxes Forgone
October 2023	45	\$1,312	\$1,406,648	2.50%	\$35,166	\$1,294,312	3.00%	\$38,829	\$73,995
March 2023	29	N/A	\$468,951	2.50%	\$11,724	\$461,647	4.00%	\$18,466	\$30,190
October 2022	40	\$3,284*	\$1,082,126	2.50%	\$27,053	\$1,081,731	4.00%	\$43,269	\$70,322
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
			\$8,015,890		\$200,397	\$7,825,616		\$300,081	\$500,478

*The 2022 PFD totaled \$3,284, of which \$662 was an Energy Relief Payment. The taxable amount of the 2022 PFD is \$2,622.

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