

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2011-33

BALLOT PROPOSITION OCTOBER 2011

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA, ALASKA PROPOSING TO AMEND TITLE 4, REVENUE AND FINANCE, OF THE SITKA GENERAL CODE BY AMENDING SECTION 4.09.010, LEVY OF SALES TAX, TO RAISE THE SALES TAX IN THE OCTOBER THROUGH MARCH PERIOD FROM FIVE PERCENT TO SIX PERCENT; PROPOSING TO AMEND THE HOME RULE CHARTER OF THE CITY AND BOROUGH OF SITKA TO CREATE A DEDICATED FUND FOR RECONSTRUCTION AND MAINTENANCE OF MUNICIPAL ROADS AND PLACE IN THAT DEDICATED FUND ANY REVENUES GAINED FROM THAT SEASONAL INCREASE IN THE SALES TAX; AND SUBMITTING TO THE VOTERS THESE AMENDMENTS FOR RATIFICATION

1. **CLASSIFICATION.** This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code.

2. **SEVERABILITY.** If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstances shall not be affected.

3. **PURPOSE.** Sitka needs funding for reconstruction and maintenance of its municipal roads. This ordinance amends the Sitka General Code and Home Rule Charter to help accomplish that goal, and requires the ratification of the voters to become effective. It would place the revenues gained from the increase in the sales tax for the October 1-March 31 period into that dedicated fund. The sales tax rate on monthly rentals of real property would also go to from five to six percent.

4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that:

A. Section 4.09.010, Levy of sales tax, of the Sitka General Code is hereby amended to read as follows:

4.09.010 Levy of sales tax.

A. There is levied a consumer's sales tax on sales, rents, and leases made in the City and Borough of Sitka. This tax applies to sales, rentals, and leases of tangible personal property; sales of services sold within the City and Borough of Sitka; sales of services performed wholly or partially within the City and Borough of Sitka when the provision of such services originates or terminates within the City and Borough of Sitka; and rentals and leases of

real property located within the City and Borough of Sitka. Notwithstanding any provision of law, air or sea charter services, provided a person or entity in the business of providing such charter services, are exempt from sales tax by the City and Borough of Sitka if the charter does not commence and end within the City and Borough of Sitka.

- B. The rate of levy of the sales tax levied under subsection A of this section is six percent ~~five percent~~ on sales made during the months of October, November, December, January, February, and March. Effective April 1, 2004, the rate of levy of the sales tax levied under subsection A of this section is six percent on sales made during the months of April, May, June, July, August, and September. The rate of levy of the sales tax shall become five percent from April through September ~~all-year-round~~ three days after the administrator certifies in writing to the assembly that either (a) any and all bonds issued pursuant to the ratification by the voters on March 18, 2003, of propositions set out in Ordinances Nos. 02-1707 and 02-1712 are entirely paid off or (b) the seasonal sales tax increase of one percentage point on sales made during the months of April, May, June, July, August, and September described in the previous sentence has generated (or – based on historical projections – will generate in the next succeeding quarter) sufficient revenues to pay off any and all bonds issued pursuant to the ratification by the voters on March 18, 2003, of propositions set out in Ordinances Nos. 02-1707 and 02-1712, whether or not such bonds have been paid off.

- B. Section 4.09.120, Exemption from seasonal sales tax increase, of the Sitka General Code is hereby stricken and reserved for future use.

4.09.120 ~~Exemption from seasonal sales tax increase.~~ Reserved

~~The following retail sales are exempt from any increase in the sales tax imposed on a seasonal basis, including the one percentage point increase for the months of April, May, June, July, August, and September set out in Section 4.09.010(B):~~

~~A. Rentals of Real Property. Rent paid as consideration for the use of real property either for thirty or more consecutive days or an entire calendar~~

month by a person or persons of a room, set of rooms, structure, or suite is exempt from the additional one percent increase for the months of April, May, June, July, August and September. This exemption does not apply to any transaction taxable under the hotel, motel, and bed and breakfast transient room tax set out in Chapter 4.24.

- C. The Home Rule Charter of the City and Borough of Sitka is hereby amended by adding a new Title XIX, Roads Reconstruction and Maintenance, to read as follows:

ARTICLE XIX

ROADS RECONSTRUCTION AND MAINTENANCE

Section 19.01 Roads Reconstruction and Maintenance Dedicated Fund

A Roads Reconstruction and Maintenance Fund is hereby created. The Roads Reconstruction and Maintenance Dedicated Fund shall be maintained separate and apart from all other funds and accounts of the City and Borough. The purpose is to set aside a fund which can only be used to pay for reconstruction and maintenance of municipal roads.

Section 19.02 Flow of Money into the Roads Reconstruction and Maintenance Dedicated Fund

Notwithstanding any other provision of law, an amount of money equal to the City and Borough's from increasing the sales tax from five to six percent for the period between October 1 and March 31 shall be deposited into the Roads Reconstruction and Maintenance Dedicated Fund.

Section 19.03 Uses of Roads Reconstruction and Maintenance Dedicated Fund

The Roads Reconstruction and Maintenance Dedicated Fund shall only be used to pay for reconstruction and maintenance of municipal roads.

- C. The following question shall be placed on the ballot at the general election on October 4, 2011:

Shall the laws of the City and Borough of Sitka be amended to increase the sales tax in the October 1-March 31 period from 5% to 6% for the reconstruction and maintenance of municipal roads and place the revenues gained into a dedicated fund?

Yes

☐

No

☐

Informational: This will create a Road Reconstruction and Maintenance Dedicated Fund in the Sitka General Code and the Home Rule Charter to pay for reconstruction, repair, and maintenance of municipal roads. All revenues gained by this seasonal increase in the sales tax will be deposited into the Roads Reconstruction and Maintenance Dedicated Fund

5. **EFFECTIVE DATE.** This ordinance shall become effective on the day after the date of its passage. The amendments to the Sitka General Code and the Home Rule Charter of the City and Borough of Sitka set out in Subsections 4.A-4.C shall only become effective if a majority of the voters voting on this ordinance at the election on October 4, 2011 approve this ordinance, and if a majority of voters approve then those amendments set out in Subsections 4.A-4.C shall become effective on November 1, 2011.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 9th day of August, 2011.

Cheryl Westover, Mayor

ATTEST:

Colleen Ingman, MMC
Municipal Clerk