

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2015-30A

POSTPONED INDEFINITELY July 14, 2015

BALLOT PROPOSITION OCTOBER 2015

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 APRIL THROUGH SEPTEMBER PERIOD FROM SIX PERCENT TO SEVEN PERCENT; PROPOSING TO AMEND THE HOME RULE CHARTER OF THE CITY AND BOROUGH OF SITKA TO CREATE A DEDICATED FUND FOR SITKA SCHOOL DISTRICT AND PLACE IN THAT DEDICATED FUND ANY REVENUES GAINED FROM THAT SEASONAL INCREASE IN THE SALES TAX FROM SIX TO SEVEN PERCENT; 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 thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person or circumstances shall not be affected thereby.

3. **PURPOSE.** The Sitka School District is in need of additional funding in order to maintain current service levels. If ratified by the voters, this ordinance would amend the Sitka General Code effective January 1, 2016 to raise the sales tax rate for the April 1 – September 30 period from six percent to seven percent. If ratified by the voters, this ordinance would amend the Home Rule Charter of the City and Borough of Sitka to create a dedicated fund for Sitka School District and place the revenues gained from the increase in the sales tax of one percent for the April-September period in that dedicated fund

4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that Section 4.09.010 and Section 4.09.120 of the Sitka General Code are amended and creating at Article 10 of the Home Rule Charter, Section 10.04 Sitka School District Dedicated Fund and Section 10.05 Flow of Money into the Sitka School District Dedicated Fund from a one percent Sales Tax Increase for the Period Between April 1 and September 30 (new language underlined, deleted language stricken):

44 **4.09.010 Levy of sales tax.**

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46 B. The rate of levy of the sales tax levied under subsection A of this section is five percent on
47 sales made during the months of October, November, December, January, February, and March.
48 The rate of levy of the sales tax levied under subsection A of this section is ~~six~~ seven percent on
49 sales made during the months of April, May, June, July, August, and September.¹

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51 D. Except as may otherwise be provided in the Home Rule Charter of the City and Borough of
52 Sitka, a[A]]l moneys accumulated under the terms of this chapter **all funds derived by an**
53 **additional one percent in seasonal sales tax** shall be deposited by the finance director into a
54 dedicated fund for Sitka School District. ~~the general fund of the City and Borough of Sitka and~~
55 ~~shall be used for the general operating expenses of the City and Borough of Sitka in such~~
56 proportion as deemed advisable from time to time by the Assembly.

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60 **4.09.120 Exemption from seasonal sales tax increase**

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

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66 A. Rentals of Real Property. Rent paid as consideration for the use of real property either
67 for thirty or more consecutive days or an entire calendar month by a person or persons of
68 a room, set of rooms, structure, or suite is exempt from the additional ~~one~~ two percent
69 increase for the months of April, May, June, July, August and September. This exemption
70 does not apply to any transaction taxable under the hotel, motel, and bed and breakfast
71 transient room tax set out in Chapter 4.24

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75 **ARTICLE 10 EDUCATION**

76 **Section 10.04 Sitka School District Dedicated Fund**

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78 A Sitka School District Dedicated Fund is hereby created. The Sitka School
79 District Dedicated Fund shall be maintained separate and apart from all other
80 funds and accounts of the City and Borough. The Sitka School District Dedicated
81 Fund shall only be used to pay for the operating, capital, and debt service needs of

82 Sitka School District. Management of, and responsibility for, appropriations from
83 the Sitka School District Dedicated Fund shall rest solely with the City Assembly.

84 **Section 10.05 Flow of Money into the Sitka School District**
85 **Dedicated Fund from a one percent Sales Tax Increase for the**
86 **Period Between April 1 and September 30**

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88 Notwithstanding any other provision of law, an amount of money equal to the
89 City and Borough’s revenues from increasing the sales tax by one percent for the
90 period between April 1 and September 30 shall be deposited each year into the
91 Sitka School District Dedicated Fund.

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95 5. **BALLOT QUESTION.** The following question shall be placed on the
96 ballot at the general election on October 6, 2015:

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98 Shall the Sitka General Code and the Home Rule Charter of the City and Borough
99 of Sitka be amended to increase the sales tax in the April 1-September 30 period
100 from six percent to seven percent and place the revenues gained into a dedicated
101 fund for Sitka School District?
102

103 Yes No

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105 **Informational:** The revenues gained from this seasonal increase in the sales tax
106 could only be used to pay for Sitka School District’s operating, capital, and debt
107 service needs. If this question is approved by a majority of the voters the seasonal
108 (from April 1 – September 30) sales tax would be 7%. The existing seasonal
109 (from April 1 – September 30) sales tax is 6%. An affirmative vote on this
110 question would add an additional 1% to that seasonal increase. The existing 6%
111 seasonal sales tax is estimated to end in 2023. At that time, the seasonal sales tax
112 would drop from 7% to 6%. The 1% increase resulting from the passage of this
113 ballot question would remain indefinitely.
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115 6. **EFFECTIVE DATE.** This ordinance shall become effective on the day after the
116 date of its passage. The amendments to the Sitka General Code and the Home Rule Charter of
117 the City and Borough of Sitka shall only become effective if a majority of the voters voting on
118 this ordinance at the election on October 6, 2015 approve this ordinance, and if a majority of
119 voters so approve then the above mentioned amendments shall become effective on January 1,
120 2016.
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122 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of
123 Sitka, Alaska this 14th day of July, 2015.
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Mim McConnell, Mayor

ATTEST:

Sara Peterson, CMC
Municipal Clerk

1st reading 4/28/15
2nd reading 5/12/15 – postponed to 7/14/15