

Sponsors: Potrzuski/Knox

**POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2018-14 on second  
and final reading.



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

## MEMORANDUM

**To:** Mayor Hunter and Assembly Members  
Keith Brady, Municipal Administrator

**From:** Kevin Knox and Bob Potrzuski

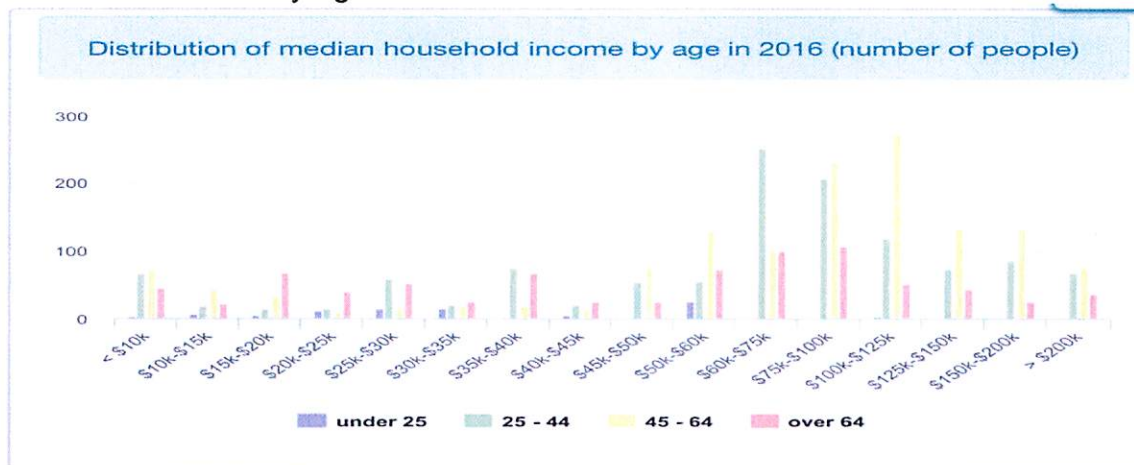
**Date:** April 4, 2018

**Subject:** Approval of Ordinance 2018-14 Senior Rebate Program

As the demographics in Sitka's population ages and our needs grow to maintain and support the City of Sitka as a livable city. It has become very clear that continuing to offer broad based exemptions in our tax code is unsustainable. The effects of the aging of our population is going to have a wide range of effects from housing, to our health care system to the burden of our tax code on younger populations to support all of our city services, services that support everyone regardless of age.

Sitka's aging population trend is expected to continue to grow, in 1990 approximately 6% were over 65 years old in 2017 it was 16%. Between 2015 and 2020 there is an expected 20% increase in population in Sitka among those who are over 65. In years after that it is projected that that number will remain similar if not increase.

Income distributions by age:



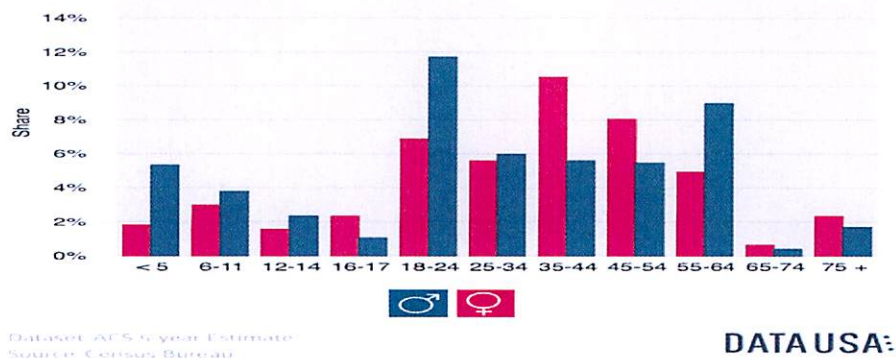
This is not unique to just Sitka, Americans are living longer and are having fewer children. The aging of America has created a situation in which relatively fewer workers

will be asked to support a growing retired population.

Poverty break down by age and gender:

### Poverty by Age and Gender in Sitka City and Borough

The closest comparable data for the county of Sitka City and Borough, AK is from the 2014



Offering a needs based rebate rather than a blanket exemption from sales tax will help to balance the burden that all Sitka tax payers bear. Providing to those who truly need assistance in covering expenses is the goal of this ordinance. The level of assistance is derived from averages of spending that should equate to covering what someone at this income level would spend on taxes levied for groceries and on their utility bills over an annual period.

Another factor in considering changes to the current method of providing seniors with relief in expenses here in Sitka in our current code is there is little ability to deal with abuse of a blanket tax exempt status. Retail businesses have long complained that the current exemption places undue burden on them for enforcement. Some exempt residents (and non Sitka residents) utilize the exemption for purposes not allowed in code. Purchases made for others outside of the qualifications is know to happen and this is an enforcement burden that is unfair for our business. Changing to a rebate rather than a sales tax exemption removes this burden and brings to bear an annual application for those in need to apply for assistance.