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POSSIBLE MOTION

I MOVE TO approve Ordinance 2018-34A
on second reading.

CITY AND BOROUGH OF SITKA
ORDINANCE NO. 2018-34A

BALLOT PROPOSITION OCTOBER 2018

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING TITLE 4 "REVENUE AND FINANCE" OF THE SITKA GENERAL CODE, BY MODIFYING CHAPTER 4.24 "TRANSIENT LODGING TAX", SECTION 4.24.020 "IMPOSITION OF TRANSIENT LODGING TAX"; AND, SUBMITTING THE QUESTION OF SUCH AN AMENDMENT TO THE QUALIFIED VOTERS AT A REGULAR ELECTION ON OCTOBER 2, 2018

1. CLASSIFICATION. All sections of this ordinance, except section 5 regarding the ballot proposition, are of a permanent nature, with section 4 intended to become a part of the Sitka General Code, if approved by the qualified voters at the October 2, 2018, regular election.

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 circumstance shall not be affected.

3. PURPOSE. The purpose of this ordinance is to raise revenue for the City and Borough of Sitka by increasing the transient lodging tax from six percent to twelve percent of the lodging rent charged. This ordinance must be approved by the voters in a ballot proposition. The Assembly will contemporaneously consider an ordinance which exempts transient lodging rent from sales tax, but only if the aforementioned ballot proposition is approved by the voters. The net effect of approval of the ballot proposition increasing the transient lodging tax and passage of the ordinance exempting transient lodging rent from sales tax would be a zero or one percent increase in taxes, depending on the applicable sales tax rate, on transient lodging rent.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code section 4.24.020, entitled "Imposition of transient lodging tax", at subsection C, is amended to read as follows (new language underlined; deleted language stricken):

**TITLE 4
REVENUE AND FINANCE**

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**Chapter 4.24
TRANSIENT LODGING TAX**

Sections:

- 4.24.010 Definitions.
- 4.24.020 Imposition of transient lodging tax.
- 4.24.030 Collection and accrual.
- 4.24.040 Transient lodging tax audits.
- 4.24.050 Youth camps.

4.24.060 Confidential and nonconfidential tax information.

4.24.070 Visitor activities enhancement fund.

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4.24.020 Imposition of transient lodging tax.

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C. The tax shall be six twelve percent of the lodging rent charged.

5. BALLOT PROPOSITION. The following question shall be placed before the voters at the general election to be held on October 2, 2018:

Proposition No. ____

Shall the Sitka General Code be amended to increase the tax on transient lodging rent, previously known as "bed tax", from 6 percent to 12 percent?

☐ YES

☐ NO

Informational: An affirmative vote on this ballot proposition would amend the Sitka General Code section 4.24.020, entitled "Imposition of transient lodging tax", at subsection C, by increasing the transient lodging tax to twelve percent. If approved by the qualified voters, this amendment will become effective January 1, 2019.

Furthermore, on the same date this ballot proposition was brought before the Assembly, Ordinance No. 2018-33 was brought before the Assembly. The purpose of that ordinance is to exempt the transient lodging rent from sales tax should this ballot proposition be approved by the voters. The net effect of approval of the ballot proposition increasing the transient lodging tax and passage of the ordinance exempting transient lodging rent from sales tax would be a zero or one percent increase in taxes, depending on the applicable sales tax rate, on transient lodging rent.

6. EFFECTIVE DATE. This ordinance shall become effective on the day after the date of its passage.

The amendment to the Sitka General Code set forth in Section 4 hereof shall only become effective if the ballot proposition set forth in Section 5 hereof is approved by a majority of the qualified voters at the regular election held on October 2, 2018. Subject to the foregoing, the effective date of this amendment shall be January 1, 2019.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska, this 14th day of August, 2018.

Matthew Hunter, Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

1st reading 7/10/18

1st reading amended 7/24/18

2nd reading 8/14/18

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