



Sponsored by: Council Member Boyle

## CITY OF KENAI

### ORDINANCE NO. 3005-2018

AN ORDINANCE OF THE COUNCIL OF THE CITY OF KENAI, ALASKA, AMENDING KENAI MUNICIPAL CODE CHAPTER 7.10-SALES TAX, TO EXEMPT PUBLIC WATER AND SEWER UTILITY SERVICES TO RESIDENTIAL HOUSING FROM THE CITY'S LEVY OF SALES TAX.

WHEREAS, the City of Kenai levies a 3% sales tax on all retail sales, rents and services made or rendered within the City; and,

WHEREAS, the City has incorporated the Kenai Peninsula Borough's sales tax code by reference with the exception of the Borough's sales tax exemption on non-prepared foods; and,

WHEREAS, the City's Home Rule Charter provides that the City has all the powers of taxation which home rule Cities may have under the State Constitution and law; and,

WHEREAS, the City has the authority to exempt certain sales, rents and services from City sales tax; and,

WHEREAS, the provision of water and sewer services is a basic service that all residents need and should be able to afford; and,

WHEREAS, eliminating the sales tax on water and sewer services provided by public utilities to residences will decrease the financial burden on households for such services and make living in Kenai more affordable.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, as follows:

**Section 1.** Amendment of Section 7.10.010 of the Kenai Municipal Code: That Kenai Municipal Code, Section 7.10.010 – Levy of Tax, is hereby amended as follows:

#### **7.10.010 Levy of Tax**

Except as otherwise provided in this Chapter, [T] there is hereby levied a consumers' sales tax of three percent (3%) on all retail sales, rents, and services made or rendered within the City limits measured by the gross sales price of the seller.

**Section 2.** Amendment of Section 7.10.015 of the Kenai Municipal Code: That Kenai Municipal Code, Section 7.10.050 – Borough Sales Tax Adopted by Reference, is hereby amended as follows:

**7.10.050 Borough Sales Tax Adopted by Reference and Exemptions**

(a) Except as provided [IN (B)] below, incorporated by reference in this Code as though each code provision was set forth verbatim herein are statutes, consisting of ordinances and/or code provisions of the Kenai Peninsula Borough or such portions thereof, which provide for the sales taxes, including but not limited to their levy, collection, and administration.

(b) There shall be no sales tax exemption on non-prepared food. The above sentence does not affect the sales tax exemption granted under AS 29.45.700(d) exempting food purchased under the Food Stamp Act or Special Supplemental Food Program for Women, Infants and Children.

(c) Public water and sewer services provided to residential dwellings are exempt from the levy of City of Kenai sales tax. This exemption applies to single and multifamily dwellings but not to hotels, motels, bed and breakfasts, lodges or other similar businesses offering transient rooms for fewer than 30 consecutive days.

**Section 2.** Severability: That if any part or provision of this ordinance or application thereof to any person or circumstances is adjudged invalid by any court of competent jurisdiction, such judgment shall be confined in its operation to the part, provision, or application directly involved in all controversy in which this judgment shall have been rendered, and shall not affect or impair the validity of the remainder of this title or application thereof to other persons or circumstances. The City Council hereby declares that it would have enacted the remainder of this ordinance even without such part, provision, or application.

**Section 3.** Effective Date: That pursuant to KMC 1.15.070(f), this ordinance shall take effect July 1, 2018 after adoption.

ENACTED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, this 7 day of February, 2018.

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BRIAN GABRIEL SR., MAYOR

ATTEST:

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Jamie Heinz, City Clerk

Introduced: January 17, 2018  
Enacted: February 7, 2018  
Effective: July 1, 2018