

## Time to Raid Penny Jar; Council Raises Sales Tax One Cent

Friday, 15 June 2012

{audio}/images/stories/mp3/120615.sales\_tax\_increase\_vote.mp3{/audio}

Jay Barrett/KMXT

Come

October, you'll be paying one penny on the dollar more for purchases in the city of Kodiak, but the cap on taxes will not change.

There was

no public comment and very little council debate at last night's Kodiak City Council meeting before the vote on the sales tax increase. After rejecting one amendment and accepting another, the council voted 5-0 to increase the sales tax by one percentage point, from 6 to 7 percent.

The motion

to lower the proposed sales tax cap from \$3,500 to \$1,200 failed 3-2. Councilman John Whiddon said until it's known how much revenue the various tax cap proposals would bring in, changing the figure is ill-advised.

The council

then voted to separate the tax cap from the sales tax ordinance, though it is something that they can bring back at a later date.

The council

has been tossing around the idea of a sales tax increase for years as the fixed costs of running the city, such as fuel and insurance, continued to climb. Councilman Charlie Davidson defended the tax increase as a way to stem the draw-down on the city's cash reserves.

The council

also voted to change the effective date of when the tax goes into effect to October 1st.