

Council Looks to Eliminate Sunset on City Sales Tax

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Brianna Gibbs/KMXT

The Kodiak City Council passed the first reading of an ordinance that would keep the city sales tax at 7 percent. During its regular meeting on Thursday, the council unanimously passed the ordinance, which eliminates a sunset provision that would lower the sales tax on Dec. 31.

City Manager Aimee Kniazowski said the city first adopted the sales tax code revision in 1993, and in 2003 they extended the revision, which would allocate a portion of the sales tax to fund harbors, roads and parks capital improvement projects.

“The 2003 ordinance included a sunset provision that this provision, this additional funding would go away as of December 31 of this year unless it was extended or eliminated.”

The council discussed the situation during a work session earlier this month, and decided that rather than extend the provision, they should just delete it. Kniazowski said she thought that would be best so the council won't face a situation like this in the future.

“It's important not to have these little provisions tucked away in the code because you might miss them, for one thing. But the impact would be tremendous if in fact this is what we decided to do. We would also have to take funding, if that were to go away, for roads and harbor and park allocations and they would have to compete. And we would have to fund those projects through another source.”

The council pushed the ordinance on to a second reading and public hearing at the next regular meeting without discussion. If the ordinance does not pass, the city sale tax will automatically be lowered to 5 percent on January 1.