

**KODIAK CITY COUNCIL**

**WORK SESSION AGENDA**

**Tuesday, January 2, 2018**

**Kodiak Public Library Multi-Purpose Room**

**6:30 p.m.**

*Work sessions are informal meetings of the City Council where Councilmembers review the upcoming regular meeting agenda packet and seek or receive information from staff. Although additional items not listed on the work session agenda are sometimes discussed when introduced by the Mayor, Council, or staff, no formal action is taken at work sessions and items that require formal Council action are placed on a regular Council meeting agenda. Public comments at work sessions are NOT considered part of the official record. Public comments intended for the "official record" should be made at a regular City Council meeting.*

**Discussion Items**

- 1. Public Comments (limited to 3 minutes)
- 2. Review Kodiak Island Borough Consolidation Report .....1
- 3. Public Safety Legislative Update.....9
- 4. Continued Budget Discussion
  - a. Review FY2016, FY2017, and FY2018 Adopted Budget Cuts.....19
  - b. Review FY2019 Budgeted Revenue Projections .....25
  - c. Discuss Senior Sales Tax Exemption  
(Councilmembers Bishop and Whiddon).....43
  - d. Discuss Other Sales Tax Exemptions .....47
  - e. Discuss Alcohol/Tobacco Tax .....57
  - f. Discuss City Mill Rate .....65
  - g. Discuss City Business License.....77
  - h. Review Draft Capital Plan ..... Attached Separately
- 5. Elected Officials Training/Travel Requests

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## Office of the Mayor and City Council

710 Mill Bay Road, Room 220, Kodiak, Alaska 99615

Here are some thoughts as to a response on the consolidation written report and oral notes given by Michael Powers to the KIB:

- The City believes it is their duty to provide the best services at the most reasonable cost to the public and to be transparent in doing so.
- The City has provided and responded to requests for information from the KIB Manager on consolidation.
- The City was not asked by the KIB Assembly to meet to discuss consolidation before KIB put the advisory measure on the October 2016 ballot. In fact, the City had a representative speak to the KIB and also wrote a letter to the editor of the Kodiak Daily Mirror requesting KIB to meet with the City Council before putting this advisory vote on the ballot. The KIB did not do this.
- It would have been in the best interests of Borough residents if the City and Borough had met to discuss consolidation and had drawn up an MOA on how both groups could collaborate and communicate on this matter.
- The October 2016 ballot measure did NOT exclude the outlying communities. The villages are part of this consolidation discussion. No mention of just the road system being part of this advisory vote was written on the ballot measure, which used the term home rule unit of government.
- If indeed the objective for this advisory vote on consolidation was in the best interests to have the best services at the most reasonable costs to the public, then a strategic plan of how possibly going forward should have been in place before putting the measure on the ballot.
- Obviously, and according to the Borough Manager, this process will not take 40 hours of time. It is a complicated issue and will take funding from the Borough to get an educated analysis and data needed to move forward. Since the Borough initiated the consolidation ballot measure, we expect the Borough to pay for costs associated with the hiring of special assistance.
- It is a question to ask the Assembly, why you did not include the City in consolidation discussions as requested and what the objective was with this hastily written ballot measure.
- The City has done outreach with the KIB requesting them to include the City in consolidation discussions. It makes sense since more than half the Borough population reside in the City.
- The City Council and Mayor have never made statements about being against consolidation nor have we been obstructionists in any way as stated by an Assembly member. Nor did the City Mayor direct City staff to not cooperate with the Borough in giving them any information they requested. This statement was cleared up when both Mayors and Managers met to discuss this issue.
- The only transparent way to accomplish the mission of continuing to bring the best services at reasonable costs to Kodiak residents is for each governmental body to be transparent, realize the cost of this process, and have an MOA in place for discussions to continue and information gathered.



**KODIAK ISLAND BOROUGH**  
**STAFF REPORT**  
**NOVEMBER 30, 2017**  
**ASSEMBLY WORK SESSION**

**SUBJECT:** Manager's Consolidation Report

**ORIGINATOR:** Michael Powers

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**RECOMMENDATION:**

Review this report and provide direction on how to proceed.

**DISCUSSION:**

Background

The voters approved an advisory ballot measure for the Borough to consider consolidation with the City of Kodiak in October 2016. The ballot measure expressly addresses the consolidation of the Borough and the City of Kodiak. It does NOT address the other incorporated (2nd class) cities within the Borough. Some people have stated otherwise, but the language of the measure, and the definitions in state law, do not result in it being applicable to the other cities (they are not "subject cities" or "offshoots" of the borough). The Assembly subsequently discussed, but not defined, what the measure meant. This measure follows a previous effort in the last 1980s/early 1990s to study the same issue and this report addresses similar issues (See Consolidation Report May 15, 1989 labeled "1989 Consolidation Report 2 Revised" in the CivicWeb Document Center). The previous report focused a considerable amount of effort on process and potential cost savings but lacked specificity regarding staffing, powers and service delivery.

It should be noted that the Borough Mayor and Manager met with their counterparts in the City to discuss jointly addressing the outcome of the ballot measure but the City declined to work with the Borough on this matter. Recently, the City changed its position to being willing to provide information needed but did not commit to work with the Borough to analyze operational and fiscal issues. Accordingly, the efforts of the Borough to study the matter have been undertaken without cooperation of the City. It is important to recognize the difficulty this has caused as the City worked with the previous committee that prepared the report and that no such cooperation (or committee) existed for this report.

It should also be noted that the City recently prepared a document regarding annexation of two areas (north and south) that provides some analysis of fiscal impacts of the annexation. Their information is considered in this report and is attached.

The Borough's purpose is to provide a variety of both urban and rural services and represent ALL of the residents of the archipelago. While it is done as a 2nd class borough with defined powers, it, and the service areas created under it, have the ability to expand those powers. The City was created to represent those residents within its corporate boundaries through a Charter City. While many of the interests of the Borough and City are similar (and are jointly promoted and supported), they are not identical.

This report identifies the areas previously addressed as well as changes that have occurred in the intervening years. While it does provide for options to move forward, additional work will need to be done before entering the formal process of consolidation. Significantly, very little has changed from the previous report other than potential mortgage issues are resolved. The proposals regarding potential legal services (and dependence upon interns) will need to be re-examined. A consolidated organization may have sufficient legal work to employ an attorney rather than contract. Other concerns



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have been raised that were not addressed in the previous report that will need to be addressed.

The Kodiak Island Borough is a 2nd class, general law, borough. It has the limited powers of a 2nd class borough although it did adopt health powers. The City of Kodiak is a charter city that provides a full range of powers. The previous report supplies an analysis of the various types of government that could be used (1st class or charter borough). While not explicitly stated, it should be noted that language in a charter that “accepts all powers not restricted” provides the most flexibility into the future should a consolidated entity wish to undertake other services.

While there is a perception of significant overlap between the Kodiak Island Borough (Borough) and the City of Kodiak (City), the facts of the matter tell a different story. As shown below, there are areas and departments that overlap, but many areas where they do not overlap. In two areas (Animal Control and Building Permit/Inspection) the City provides the service to the Borough through agreements. The City and Borough jointly work, and fund, efforts in fisheries.

Staffing

Areas of Overlapping Staff

Elected Officials

Manager’s Office (3 Borough, 3 City)

Clerk’s Office (Borough and City 3 each)

Finance (Borough 10, City 7.25 both include IT)

Engineering (Borough 10, City 2)

Fire-Borough (Borough) 1 FT, 50+ volunteers, City 13.75)

Parks and Rec (Borough 0, City 5.75)

Human Resources (excludes payroll) (1 Borough, 1 City)

Separate

Community Development (6 Borough employees)

Health powers (provided by contract with Providence)

Solid Waste (10 Borough employees)

School Building ownership and maintenance

Assessor’s Office (5 borough employees)

Resource Management (1 borough employee)

Police (42.5 city employees)

Harbor & Cargo (16.4 city employees)

Engineering and Facilities (schools, solid waste, borough buildings, support for Service Districts) (14 borough employees)

Public Works (water, wastewater, roads) (27.5 city employees)

Library (7 city employees)

In regard to staffing, there are three areas that clearly would need to be addressed: First, what overlap, or duplicitous staff exist; second, what shortfalls exist; and third, what are the future needs for staffing. As noted above there are some overlaps in the Managers office, Clerks, Finance, Parks, Fire and Human Resources that MAY result in duplicitous positions, however, without the cooperation of the City, it is impossible to accurately define this. For example, both jurisdictions have clerk’s offices, but in the Borough, some committees are clerked by departmental secretaries which results, functionally, in additional duties not adequately addressed by the two Clerks offices. Whether those additional responsibilities could be reduced is unclear. In Finance, the Borough processes property taxes but does not process sales tax. Both entities process accounts payable and payroll, but staff assigned to those functions undertake other duties as well. Whether any true duplication of staffing exists is



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unknown. In regard to fire services, the City employs full time employees while the fire districts in the Borough are volunteer (Bayside has one full time employee). While models exist regarding full-time and volunteer departments, that is easier to model than execute given human nature. Again, without deeper analysis by both entities, it is not possible to determine “savings”. In discussions with senior management of the City and the Borough, both have noted a lack of staff in nearly all aspect of operations as a significant challenge. This problem has not been clearly identified on an organization wide basis as both entities management philosophy has been to try to accomplish the tasks at hand with the staffing available. Future needs are unknown at this moment. At this juncture, there is insufficient information to postulate that consolidation would provide a cost savings. It should also be noted that the Borough contracts out a significant amount of services, while, generally, the City provides more services in-house. One such example is snow plowing. The Borough relies on outside vendors while the City provides this service in house. If consolidation were to occur, these management philosophies would have to be reconciled.

Law enforcement is provided by the City within the City limits. In the Borough, the State provides troopers, without charge. While Troopers are available 24 hours, they are not “on the clock” on a 24 hour basis and have to be “called out” after hours. Anecdotally, the level of satisfaction with the State Troopers is low because of this and likely results in a delay in reporting crimes and may result in some crimes not being reported at all. The City Annexation Report discusses the need for additional staffing with additional costs for the annexed area, but the exact methodology and assumptions about their baseline staffing is unknown. While some have posited that service areas could be created to provide various services in a consolidated entity, having different levels of law enforcement (or other services) may be problematic in a number of areas but can be done.

Both the Borough and the City have numerous committees tasked with various functions. This report has not addressed the number or function however, in the next steps to be considered, the number and function should be considered as well as the potential reductions that could occur.

Form of Government

The Borough is a second class, general law borough with limited powers. The City is a charter city. The powers of the City are specifically NOT enumerated in their charter, thereby allowing them to undertake any power allowed by Alaska law (staff is unaware of any powers exercised not permitted by a first class City, this matter requires further research as part of an effort of consolidation). Based upon the past report and with review of currently applicable law, consolidation would occur as a borough with the borough becoming either a first class or charter borough. Not addressed in the previous report is how large of an elected body would exist nor whether it would be elected at large or by districts (there are federal voter rights that will need further exploration). Also not addressed is representation of the villages and 2nd Class Cities with the Borough under a consolidated Borough/City effort. Both of these issues would need to be addressed.

Financial issues

The City’s total FY16 budget was \$42,503,069. The Borough’s was \$46,688,788. Because of the unwillingness of the City to work on this report, staff has not undertaken any analysis of the fiscal impacts or potential taxation issues but does note that different mill rates for property tax continue to exist as well as the City continues to have a sales tax. Further, the Borough continues to use service districts that assess additional mill rates to fund their operations. Overarching all of this are mill rates to support the school district (operational and debt service) which far exceed any of the City and Borough mill rates for operations. The existing service districts provide fire, lighting, roads and tide gate operations and each has a separate taxation rate. There are potentially a number of ways to handle these in a consolidated entity from dissolution to ongoing existence. Should consolidation occur, planning for these services needs to be considered. It should be noted from the 1989 report that the estimated savings for areas of duplication was approximately 11% although the methodology for those



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savings is unclear.

Both the Borough and the City face large, mostly unfunded challenges in their capital programs. In addition to the school facilities, the Borough Administrative building, the Annex, facilities leased for mental health and the long term care center either don't have a Renewal & Replacement plan, are underfunded, or both. The City faces similar challenges in its Fire Department, Harbor, Water and Wastewater operations. These unfunded capital costs are measured in the tens of millions of dollars.

Service Delivery

The Borough (including service areas) and City currently operate with some fundamental differences in how services are delivered. For the most part, the City provides its public work services in house, especially road maintenance. The Borough, through its' service districts, provides road services through outside contractors. The City envisions, if annexation occurs, directly providing services to the annexed area. As noted above, these philosophies would need to be reconciled.

Other issues

In the previous report, concerns existed due to the finance rules in place for "rural" mortgages. Subsequent to that report, the rules and definitions have changed and, at this time, a consolidation does not appear to pose any significant risk to the ability to borrow funds for mortgages. We have queried state and federal funders regarding the potential impacts. We do not believe there would be an impact on PILT or "Revenue Sharing".

Issues requiring further work

Further analysis of the benefits of a charter borough as opposed to a 1st class borough needs to be explored. While it does not appear at this time that there are "unique" powers in Kodiak outside of the 1st class borough, the matter requires further attention.

Unionization of City Workforce-with the recent vote and court decisions, the unionization of the City workforce is an unknown factor. Further, since the Borough workforce is unionized, it is likely they will push for unionization. It is difficult to know the true fiscal impacts; however, it is reasonable to assume a significant cost increase for labor. While votes were recently taken that did not result in the creation of bargaining units, that could change after 1 year.

Status of villages-presumably, the villages that have incorporated cities (Akhiok, Larsen Bay, Old Harbor, Ouzinkie and Port Lions) are unlikely to be part of a consolidated Borough, however this will need to be further developed and provisions made for their ongoing operation.

Representative Government-How many seats and whether they are elected at large or by districts will need to be determined.

Law Enforcement-As noted above, the borough is served by State Troopers. It is unclear, based upon discussions with state officials, whether Troopers would still be assigned if the Borough undertook police (law enforcement) powers. Should the Troopers be removed, not only would additional costs be necessary to serve the consolidated entity, but how the villages would be served would need to be addressed. While it has been suggested that areas could "pay for services", how this would be done and how it would be justified in terms of providing equal services for equal taxes would have to be addressed. Further, there are requirements regarding crime reporting that would have to be considered.



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Staffing-Given human nature, staff acceptance will be critical to implementing consolidation. One of the operating principles that may soften any potential staff resistance would be to assume that any reductions in staff would be through attrition, not layoffs.

Lastly, given the reluctance of some Assembly members and City Council members to even share a state lobbyist highlights the underlying issue that the Borough and City do have different perceived interests. How those are reconciled needs to be considered.

Future steps

1. Continue to work with the City on previously approved cooperative efforts and look for opportunities to expand those efforts. As further joint efforts occur, and a solid working relationship is established at the elected and staff levels, and recognized by the public, unification efforts will face less hurdles.
2. If the Assembly wishes to more forcefully pursue further action regarding consolidation:
  - a. Formally request that the city participate in a deeper analysis of the issue. In short, they will have to move beyond providing information and actively work with the Borough on consolidation.
  - b. Fund a consultant to collect, analyze and prepare a pre-consolidation report that will address all the formal requirements (including preparing necessary reports and documents) to move into the formal process.
  - c. Move into the formal process by submitting a petition pursuant to state law.

**ALTERNATIVES:**

See options in body of report.

**FISCAL IMPACT:**

Unknown at this time

**OTHER INFORMATION:**

See related documents in the Document Center under Other Topics of Interest, Consolidation Related Information ( <https://kodiakak.civicweb.net/filepro/documents/45969?preview=38452> )



Borough – City  
 Organizational Chart Comparison  
 As of FY18

**Mayor  
 Council**  
 City & Boro

**Clerk's Office**  
 City – 3 employees  
 Clerk  
 Deputy Clerk  
 Admin Asst  
 Boro – 3 employees  
 Clerk  
 Deputy Clerk  
 Assistant Clerk

**Manager's Office**  
 City – 4 employees  
 Manager  
 Deputy Manager  
 HR Manager  
 Admin Asst  
 Boro – 5 employees  
 Manager  
 HR  
 Special Projects  
 Resource Manager  
 Admin Asst

**Attorney**  
 by contract  
 City & Boro

**Finance**  
 City – 7.25 employees  
 Director  
 Senior Fiscal Analyst  
 Fiscal Analyst  
 2 Fiscal Specialists  
 2 Info Systems Admin  
 Boro – 10 employees  
 Director  
 2 Fiscal Analysts  
 2 Fiscal Technicians  
 Fiscal Assistant  
 Admin Support  
 IT Supervisor  
 Programmer/Analyst  
 Network Technician

**Engineering**  
 City – 2 employees  
 Engineer  
 Admin Asst  
 Boro – 10 employees  
 Director  
 Maintenance Coordinator  
 Maintenance Engineer  
 Maintenance Mechanic  
 Project Inspector  
 Project Manager  
 Project Assistant  
 3 Admin Support

**Fire**  
 City – 13.75 employees  
 Fire Chief  
 Deputy Fire Chief  
 Fire Captain  
 8 Firefighter/EMT  
 Assistant (pt)  
 Boro – 1 employee  
 Fire Chief

**Community Development**  
 Boro  
 6 employees

**Solid Waste**  
 Boro  
 10 employees

**Assessor's Office**  
 Boro  
 5 employees

**Police**  
 City  
 42.5 employees

**Parks & Rec**  
 City  
 5.75 employees

**Harbor & Cargo**  
 City  
 16.4 employees

**Public Works**  
 City  
 27.5 employees

**Library**  
 City  
 7 employees

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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers

**From:** Mike Tvenge, City Manager

**Thru:** Matthew Van Daele, Deputy City Manager

**Date:** December 12, 2017

**Agenda Item:** **Downtown Kodiak, Public Safety, and Legislation Update**

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**SUMMARY:** On September 29th, 2017, we conducted a walk-through of the Downtown area with Chief Wallace. During this brief visit it was abundantly clear that steps would need to be taken to address factors downtown to lessen the ability for or enabling of “antisocial” behaviors continuing (namely public intoxication, harassment, theft, assault, and lewd behavior). Reducing these behaviors and changing the atmosphere of Downtown would create a more conducive environment for Downtown businesses and commerce to grow and thrive due to a corresponding increase in “positive” traffic (families and tourists spending more time downtown and generating greater revenues for businesses).

From this quick excursion it was immediately evident what our local business owners and their patrons are experiencing, and we are working together to start developing plans to address these challenges. One such avenue to address our shared concerns is the hire of four additional police officers to increase patrol and outreach in the Downtown area. Furthermore, if the means and desire were available to work with a commercial building owner and create a cooperative approach to house these officers within an existing building, we could maximize the outreach potential of these new officers while minimizing the cost of housing a satellite police station.

However, there are many other factors at play Downtown that would need to be addressed that go above and beyond hiring additional patrol staff for the Kodiak Police Department. Access to care and diagnosis of mental health issues, drug and alcohol abuse, and an overriding lack of resources to address these societal needs remain an undeniable challenge. Additionally, State legislation (such as the former SB 91 and the soon-to-be newly enacted SB 54) each pose their own challenges on our ability to address the real-world situations and factors created in Kodiak by laws passed 1,000 miles away in Juneau.

It is important to note, however, that Kodiak is not alone with these challenges, and many other communities in Alaska are facing similar circumstances. During the recent annual Alaska Municipal League conference held in Anchorage from November 13<sup>th</sup> – 17<sup>th</sup>, we heard several presentations on these types of topics, as well as having our own conversations with sister municipalities about the challenges they are facing and steps they are taking to adapt and overcome these difficult situations. The “Downtown Challenges” listed below are a synthesis of our own community’s ideas on how to tackle these issues, combined with steps other communities are taking in their own situations.

One critical piece of any plan to revitalize Downtown will be the inclusion of key stakeholders and community partners. For any environmental changes to be effective (such as hiring additional officers), there would also need to be corresponding social changes as well. A logical place to start would be continued work with our existing Downtown Committee as well as the Chamber of Commerce to

DECEMBER 12, 2017

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determine any thoughts they and their membership may have - specifically advocating for change, implementing change, and working together with its members and the City to maintain this momentum and a positive trajectory.

**DOWNTOWN CHALLENGES** – Socioeconomic, Psychological, and Legislative factors are all contributing to the situation we are attempting to rectify.

**Behaviors and activities**, including recidivism, vagrancy, drug use/abuse/sales, and public inebriation are among the **direct causes of impacts Downtown**, including unabated stifled economic development, poor and/or threatening experiences for Downtown visitors, and impairment of public spaces.

These **impacts could be mitigated via** removal of “attractants,” and “dissuasive” activities and actions to make Downtown less attractive and conducive for the continuation of these behaviors.

**Mitigation measures** would begin with determining what is causing Downtown to be so alluring for continuation of these negative behaviors and activities, and subsequent **removal of these attractants**.

Subsequent to the removal of the attractants, creating **active dissuasive measures** are just as important, such as:

- 1) an increased police presence;
- 2) more Downtown events drawing in greater numbers of the public;
- 3) a “neighborhood watch” of sorts comprised of Downtown business owners and patrons backed up by KPD; and,
- 4) eventual Legislative reform to strengthen the overall effort.

**Mitigation of the impacts** could include:

- 1) creating an environment and creating opportunities for existing and new businesses to thrive Downtown;
- 2) empowering citizens and Downtown businesses to become integral parts of a community solution; and,
- 3) the before-mentioned increased police presence, legislative reforms, removal of attractants, and more downtown events to dissuade negative behavior.

**Mitigation of the behavior** itself would be more challenging, and important elements should include:

- 1) an evaluation if changes are needed regarding increased access to mental health care, creation of a half-way house (or houses), a Day Shelter, and sober living opportunities (and requirements);
- 2) coupled with greater drug interdiction, review of mental health opportunities and treatment, and continued promotion and creation of opportunities to get clean, stay clean, and reintegrate into the community.

Possible next steps could be picking one item from each of the three “Mitigation” sections (mitigation measures, mitigation of the impacts, and mitigation of the behavior) to prioritize for conversation with community partners and possible implementation.

# SB 54:

## THE NEXT STEP IN CRIMINAL JUSTICE REFORM

Information  
provided by  
Director John  
Skidmore and the  
Department of  
Law



## FIVE CATEGORIES OF CHANGES

- 1) Criminal Conduct
- 2) Sentencing Law
- 3) Probation and Parole
- 4) Pre-trial Release
- 5) Misc.



# CRIMINAL CONDUCT CHANGES

- Violation of Conditions of Release
  - Any violation of conditions of release is a crime
  - Purpose = arrest and hold for bail hearing
    - Avoids *ex parte* hearing with court
    - Arrest without a warrant for VCOR AS 12.30.006(f)
    - VCOR is NOT mandatory OR AS 12.30.011(b)
- Property crimes felony threshold reduced from \$1000 to \$750
- Recidivist Theft 4 (4 within 5 years) = Theft 3



## CRIMINAL CONDUCT CHANGES (CONT'D)

- NVOL reduced to a violation
  - Align with DWLS
- New drugs added to schedules
  - U-47700 (pink) (Schedule IA)
  - Tramadol (Schedule IA)
- Lowered *mens rea* for joyriding (Criminal Mischief V)
  - Fail to perceive substantial and unjustifiable risk that circumstance exists
  - Risk = gross deviation from standard of care of a reasonable person in the situation





## CRIMINAL CONDUCT CHANGES (CONT'D)

- Closed loophole for Sex Trafficking III
  - With intent to promote manages, supervises, owns or controls a place of prostitution
  - Receives compensation for services rendered by another
  - “Compensation” not include reasonable apportioned shared expenses; ie. Rent, utilities, food
  - Can allow others to use place so long as no compensation/benefit



## PRE-TRIAL RELEASE

- Sober Law – Supreme Ct. must add condition to bail schedule established by Supreme Ct. that D be under .08 before release or picked up by 3<sup>rd</sup> person able to provide care and with consent of D
- 48 hour hold after arrest to determine danger expanded to C felonies not require mandatory OR *AS 12.30.011(l) as repealed and re-enacted on Jan 1 2018.*



## MISC

- DHSS commissioner added to ACJC as not voting member
- 75 average maximum caseload for POs
- ACJC and AJC study risk factors for committing crime
- *ACJC work with law enforcement agencies to train on criminal justice reform*



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# FY 2016 Budget - City Wide Expenses

Not including Capital Projects

Expenses	FY 2015	FY 2016	Variance
Salaries & Wages	\$9,000,873	\$9,160,620	2%
Employee Benefits	7,491,330	7,766,651	4%
Professional Services	1,630,985	1,461,821	-10%
Contributions	452,200	426,250	-6%
Goods and Services	4,542,447	4,235,924	-7%
Utilities	2,161,407	2,071,362	-4%
Administrative Fees	39,500	35,500	-10%
Capital Outlay	726,057	1,220,507	68%
Depreciation	4,425,445	4,492,637	2%
Bond Expense	900,774	891,331	-1%
Inter-fund Charges	1,494,625	1,961,563	31%

# FY 2016 Budget - City Wide Expenses

Not including Capital Projects

Expenses	FY 2015	FY 2016	Variance
Contingency	34,350	34,350	0%
Transfers – Sales Tax Code	1,000,000	1,000,000	0%
Other Transfers	7,651,421	3,441,019	-49%
Allocated Services	-80,000	-80,000	0%
<b>Total Expenses</b>	<b>\$41,471,414</b>	<b>\$38,119,535</b>	<b>-8%</b>

# FY 2017 Citywide Expenses

Excluding Capital Projects

<b>Classification</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>% Variance</b>
Salaries & Wages	\$ 9,271,312	\$ 9,400,381	1.39%
Employee Benefits	\$ 7,768,780	\$ 8,135,226	4.72%
Professional Services	\$ 1,607,235	\$ 1,382,465	-13.98%
Contributions	\$ 435,250	\$ 467,600	7.43%
Support Goods & Services	\$ 3,950,129	\$ 3,732,972	-5.50%
Repairs & Maintenance	\$ 593,997	\$ 601,297	1.23%
Public Utility Services	\$ 2,071,362	\$ 1,599,930	-22.76%
Administrative Services	\$ 35,500	\$ 30,000	-15.49%
Capital Outlays	\$ 1,295,320	\$ 1,209,048	-11.29%
Depreciation	\$ 4,492,637	\$ 4,384,642	-2.40%
Interest Expense	\$ 891,331	\$ 891,581	0.03%

# FY 2017 Citywide Expenses continued

## Excluding Capital Projects

Classification	FY 2016	FY 2017	% Variance
Transfers – KCC	\$ 1,000,000	\$ 1,000,000	-0-%
Transfers – Other	\$ 5,017,305	203,594	-95.94%
Allocated Expenses	\$ -80,000	\$ -80,000	-0-%
Interfund Charges	\$ 1,936,778	\$ 2,266,643	17.03%
Contingency	\$ 34,350	\$ 34,350	-0-%
<b>Total Expenses</b>	\$ 40,321,286	\$ 35,259,729	-12.55%



# FY 2018 Citywide Expenses

Excluding Capital Projects

<b>Classification</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>% Variance</b>
Salaries & Wages	\$ 9,392,981	\$ 9,366,048	-0.29%
Employee Benefits	\$ 8,135,226	\$ 8,297,827	2.00%
Professional Services	\$ 1,382,465	\$ 1,365,979	-1.19%
Contributions	\$ 467,600	\$ 442,300	-5.41%
Support Goods & Services	\$ 3,740,372	\$ 4,002,225	7.00%
Repairs & Maintenance	\$ 601,297	\$ 566,247	-5.83%
Public Utility Services	\$ 1,599,930	\$ 1,606,686	0.42%
Administrative Services	\$ 30,000	\$ 22,000	-26.67%
Capital Outlays	\$ 1,209,048	\$ 883,854	-26.90%
Depreciation	\$ 4,384,642	\$ 4,450,298	1.50%
Interest Expense	\$ 891,581	\$ 830,741	-6.82%

# FY 2018 Citywide Expenses continued

## Excluding Capital Projects

Classification	FY 2017	FY 2018	% Variance
Transfers – KCC	\$ 1,000,000	\$ 1,000,000	-0-%
Transfers – Other	\$ 1,038,604	\$ 310,901	-70.07%
Allocated Expenses	\$ -80,000	\$ -80,000	-0-%
Interfund Charges	\$ 2,266,643	\$ 2,178,650	-3.88%
Contingency	\$ 34,350	\$ 34,350	-0-%
<b>Total Expenses</b>	<b>\$ 36,094,739</b>	<b>\$ 35,278,106</b>	<b>-2.26%</b>

# City of Kodiak

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## Fiscal Year 2019 Revenue Projections

# Fiscal Year 2019 Revenue Projections

- The Budget Process
- FY 2019 Budget Calendar
- Revenue Projections for Major Funds
  - General Fund
  - Water & Sewer Funds
  - Cargo & Harbor Funds
  - Shipyard Fund

# The Budget Process

- Council Budget Goals
  - Sales Tax revenue discussions
  - Water Rate Study
  - Sewer Rate Study
  - Harbor Rate Study
- Projecting Revenues
  - Forecasting Model
  - Adapting for Known Changes – Code changes, fee increases, etc.
  - Adjusting if the amounts are material, reasonable, and justifiable to culminate in the final revenue budget

# General Fund Forecasts

## FY 2019 Revenue Projections

TABLE 3: Forecast Analysis - Income Statement with forecast values along a linear trend using existing values 2014-2017 Budget for 2018 to Forecast 2019 Revenues

GENERAL FUND	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast	
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Fund Revenues</b>											
Property Tax	708,684	879,280	912,645	921,916	1,083,234	975,000	1,063,024	1,097,316	1,127,275	1,132,289	1,192,630
Sales Tax	11,243,913	11,536,720	11,787,817	11,512,936	10,896,295	11,777,500	11,379,265	11,305,001	11,394,329	11,507,549	11,315,277
Licenses & Permits	237,950	83,253	135,769	59,599	118,571	58,800	71,367	49,940	51,699	27,295	27,017
PERS Relief	765,692	791,927	2,434,826	319,133	256,788	325,000	(108,033)	(878,412)	(845,078)	(1,272,091)	(1,735,091)
State Revenue Sharing	572,306	402,490	397,792	377,926	249,981	109,300	87,241	(22,471)	(128,665)	(207,642)	(287,384)
Department of Revenue - Fish Tax	1,252,420	1,189,750	1,164,404	1,021,500	525,670	525,000	294,795	35,558	(180,323)	(330,289)	(586,760)
DCED Shared Fisheries Tax	90,469	106,436	90,093	88,138	126,865	74,000	88,676	88,463	81,967	69,394	75,724
Fuel Tax Sharing	7,075	5,659	11,186	7,663	6,417	5,000	5,279	2,766	2,145	1,088	(32)
Other Intergovernmental Revenues	87,037	36,426	142,086	93,223	83,150	78,500	94,241	65,116	69,309	65,743	59,448
Police & Fire General	1,285,143	1,624,080	1,542,888	1,399,008	1,441,495	1,279,302	1,220,070	1,146,950	1,079,703	976,723	916,892
KIB Revenues	131,396	162,061	240,332	163,923	93,826	244,415	186,372	177,545	209,153	231,398	208,801
Parks & Recreation	100,645	99,835	108,052	103,798	127,537	108,500	120,589	122,628	125,824	124,226	131,359
Library	12,592	17,503	22,441	27,996	26,388	18,300	24,188	22,002	19,518	19,088	19,675
Other Charges for Services	8,694	7,560	10,181	10,525	11,026	10,700	12,136	12,139	12,607	13,102	13,719
Fines & Forfeitures	15,308	9,482	14,739	3,382	1,675	10,000	4,247	2,499	4,602	4,111	1,665
Interest	9,459	16,396	15,917	20,173	19,726	15,000	17,748	17,259	15,639	15,300	15,737
Rents & Royalties	194,099	173,978	199,411	148,269	127,238	175,000	143,740	133,349	141,518	140,241	125,248
Miscellaneous	45,736	59,301	9,400	361,197	176,574	22,000	153,466	129,208	22,363	40,358	45,163
Interfund Charges	865,152	895,876	871,909	1,210,409	1,579,673	1,534,343	1,813,851	2,064,383	2,223,170	2,388,194	2,639,894
<b>Total Operating Revenues</b>	<b>17,633,770</b>	<b>18,098,213</b>	<b>20,111,888</b>	<b>17,850,714</b>	<b>16,952,129</b>	<b>17,345,660</b>	<b>16,672,261</b>	<b>15,571,238</b>	<b>15,426,755</b>	<b>14,946,058</b>	<b>14,178,981</b>

# General Fund Forecasts

## FY 2019 Revenue Projections

TABLE 3: Forecast Analysis - Income Statement with forecast values along a linear trend using existing values 2014-2017 Budget for 2018 to Forecast 2019 Revenues

GENERAL FUND	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
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Sales Tax	11,243,913	11,536,720	11,787,817	11,512,936	10,896,295	11,777,500	11,379,265	11,305,001	11,394,329	11,507,549	11,315,277
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PERS Relief	765,692	791,927	2,434,826	319,133	256,788	325,000	(108,033)	(878,412)	(845,078)	(1,272,091)	(1,735,091)
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Other Intergovernmental Revenues	87,037	36,426	142,086	93,223	83,150	78,500	94,241	65,116	69,309	65,743	59,448
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<b>Total Operating Revenues</b>	<b>17,633,770</b>	<b>18,098,213</b>	<b>20,111,888</b>	<b>17,850,714</b>	<b>16,952,129</b>	<b>17,345,660</b>	<b>16,672,261</b>	<b>15,571,238</b>	<b>15,426,755</b>	<b>14,946,058</b>	<b>14,178,981</b>

# General Fund Forecasts

- FY 2019 General Fund Known Changes
  - Sales Tax Maximum Taxable Sale increased to \$3,000 and Real Property Residential and Commercial Rentals over 30 Days Maximum Taxable Sale \$750 – Based on FY 2016 Actual Sales Tax filed the additional revenue is estimated to be \$5,653,094
  - Eliminate the 2% discount for sales tax filers - Based on FY 2016 Actual Sales Tax filed the additional revenue is estimated to be \$229,197
  - Known decreases in sales tax over the most recent three years - Overall Decrease of 16.67%
    - FY 2016 to FY 2017 – 5.67% Decrease
    - FY 2017 (Budget) to FY 2018 (Budget) – 8% Decrease
    - FY 2018 (Budget) to FY 2019 (Forecast) – 3% Decrease



# General Fund Forecasts

## FY 2019 General Fund Known Changes

\$	5,653,094	Sales Tax Cap with Rentals
+	<u>229,197</u>	2% Discount Elimination
\$	5,882,291	Total Sales Tax Code Changes

X 16.67% Total % Decrease in Sales Tax

\$ 980,578 Total \$ Decrease Based on % Above

\$ 5,882,291 Total Sales Tax Code Changes from Above  
- (980,578) Less % Decrease from Above

\$ 4,901,713 Total Anticipated Increase  
+ 10,896,295 FY 2017 Actual Sales Tax Revenue

\$ 15,798,008 Subtotal

+ 1,992 Rounding up for Budget

\$ **15,800,000** FY 2019 Budget - Sales Tax Revenue

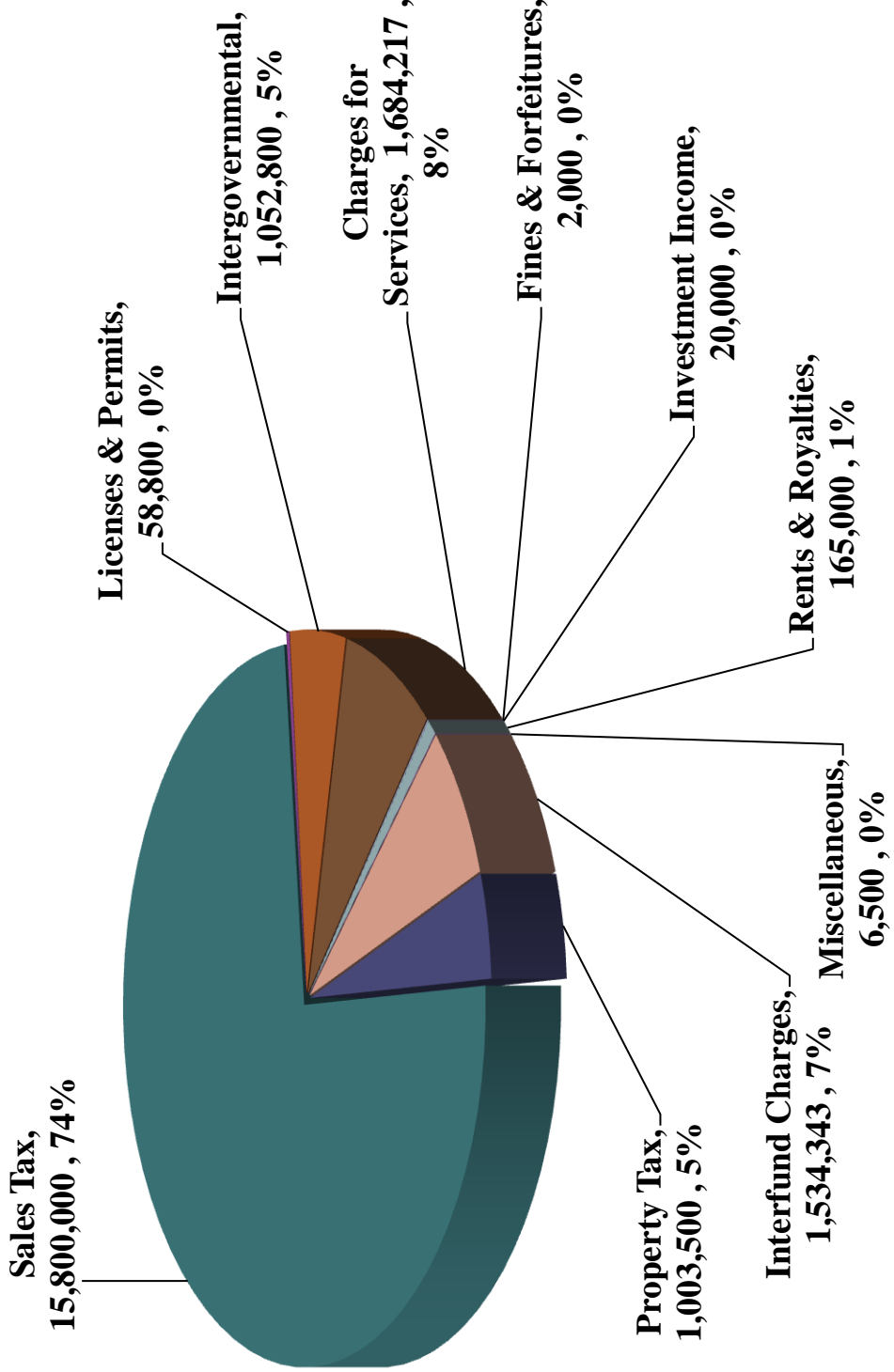
# General Fund Forecasts

## FY 2019 Revenue Projections

**TABLE 3: Forecast Analysis - Income Statement with forecast values along a linear trend using existing values 2014-2017 Budget for 2018 to Forecast 2019 Revenues**

GENERAL FUND	Actual	Actual	Actual	Budget	Forecast	Budget
	2015	2016	2017	2018	2019	
<b>Fund Revenues</b>						
Property Tax	912,645	921,916	1,083,234	975,000	1,063,024	1,003,500
Sales Tax	11,787,817	11,512,936	10,896,295	11,777,500	11,379,265	15,800,000
Licenses & Permits	135,769	59,599	118,571	58,800	71,367	58,800
PERS Relief	2,434,826	319,133	256,788	325,000	(108,033)	260,000
State Revenue Sharing	397,792	377,926	249,981	109,300	87,241	109,300
Department of Revenue - Fish Tax	1,164,404	1,021,500	525,670	525,000	294,795	525,000
DCED Shared Fisheries Tax	90,093	88,138	126,865	74,000	88,676	75,000
Fuel Tax Sharing	11,186	7,663	6,417	5,000	5,279	5,000
Other Intergovernmental Revenues	142,086	93,223	83,150	78,500	94,241	78,500
Police & Fire General	1,542,888	1,399,008	1,441,495	1,279,302	1,220,070	1,279,302
KIB Revenues	240,332	163,923	93,826	244,415	186,372	244,415
Parks & Recreation	108,052	103,798	127,537	108,500	120,589	131,500
Library	22,441	27,996	26,388	18,300	24,188	18,300
Other Charges for Services	10,181	10,525	11,026	10,700	12,136	10,700
Fines & Forfeitures	14,739	3,382	1,675	10,000	4,247	2,000
Interest	15,917	20,173	19,726	15,000	17,748	20,000
Rents & Royalties	199,411	148,269	127,238	175,000	143,740	165,000
Miscellaneous	9,400	361,197	176,574	22,000	153,466	6,500
Interfund Charges	871,909	1,210,409	1,579,673	1,534,343	1,813,851	1,534,343
<b>Total Operating Revenues</b>	<b>20,111,888</b>	<b>17,850,714</b>	<b>16,952,129</b>	<b>17,345,660</b>	<b>16,672,261</b>	<b>21,327,160</b>

# FY 2019 General Fund Revenue Projections



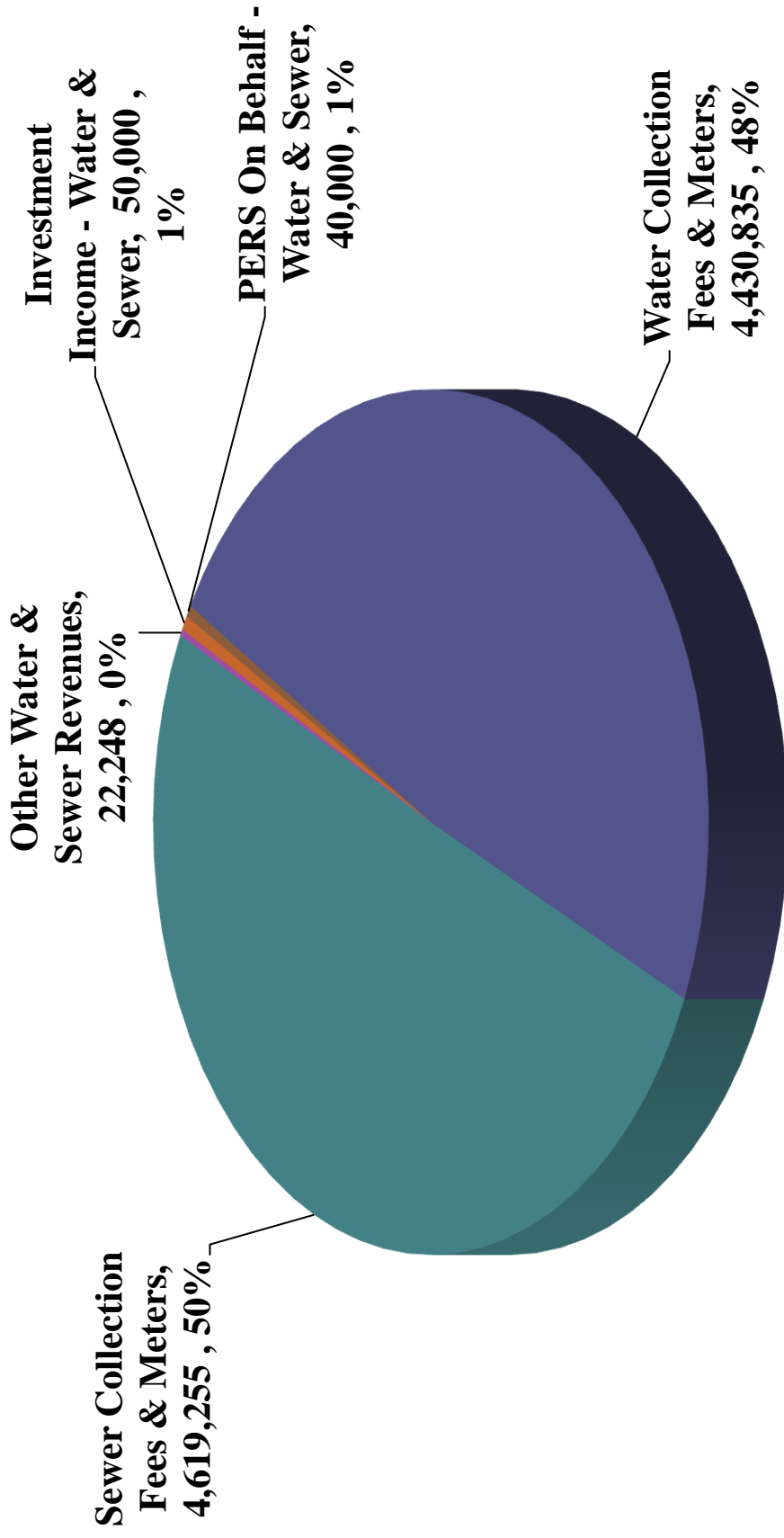
# General Fund Projected Revenue Comparisons

	FY 2017 Amended Budget	FY 2018 Adopted Budget	FY 2019 Budget	% Change from FY 2017 Amended Budget	% Change from FY 2018 Adopted Budget
Property Tax	\$ 953,500	\$ 975,000	\$ 1,003,500	4.98%	2.84%
Sales Tax	\$ 12,327,500	\$ 11,777,500	\$ 15,800,000	21.98%	25.46%
Licenses & Permits	\$ 52,300	\$ 58,800	\$ 58,800	11.05%	0.00%
PERS On Behalf	\$ 1,323,556	\$ 325,000	\$ 260,000	-409.06%	-25.00%
State of AK Revenue Sharing	\$ 1,504,875	\$ 791,800	\$ 792,800	-89.82%	0.13%
Charges for Services	\$ 1,661,217	\$ 1,661,217	\$ 1,684,217	1.37%	1.37%
Fines & Forfeitures	\$ 15,000	\$ 10,000	\$ 2,000	-650.00%	-400.00%
Investment Income	\$ 10,000	\$ 15,000	\$ 20,000	50.00%	25.00%
Rents & Royalties	\$ 230,000	\$ 175,000	\$ 165,000	-39.39%	-6.06%
Miscellaneous	\$ 191,140	\$ 22,000	\$ 6,500	-2,840.62%	-238.46%
Interfund Charges	\$ 1,565,978	\$ 1,534,343	\$ 1,534,343	-2.06%	0.00%
<b>Total General Fund Revenues</b>	\$ 19,835,066	\$ 17,345,660	\$ 21,327,160	<b>7.00%</b>	<b>18.67%</b>

# Water & Sewer Utility Revenue Projections

- Meter charges are the only impacted area for revenue projections. Based on the most recent Water Rate study, all other revenues remain consistent.
- Based on the most recent Sewer Rate study, a projected 5% increase will occur during 2019

# FY 2019 Water & Sewer Utility Revenue Projections



# Water & Sewer Projected Revenue Comparisons

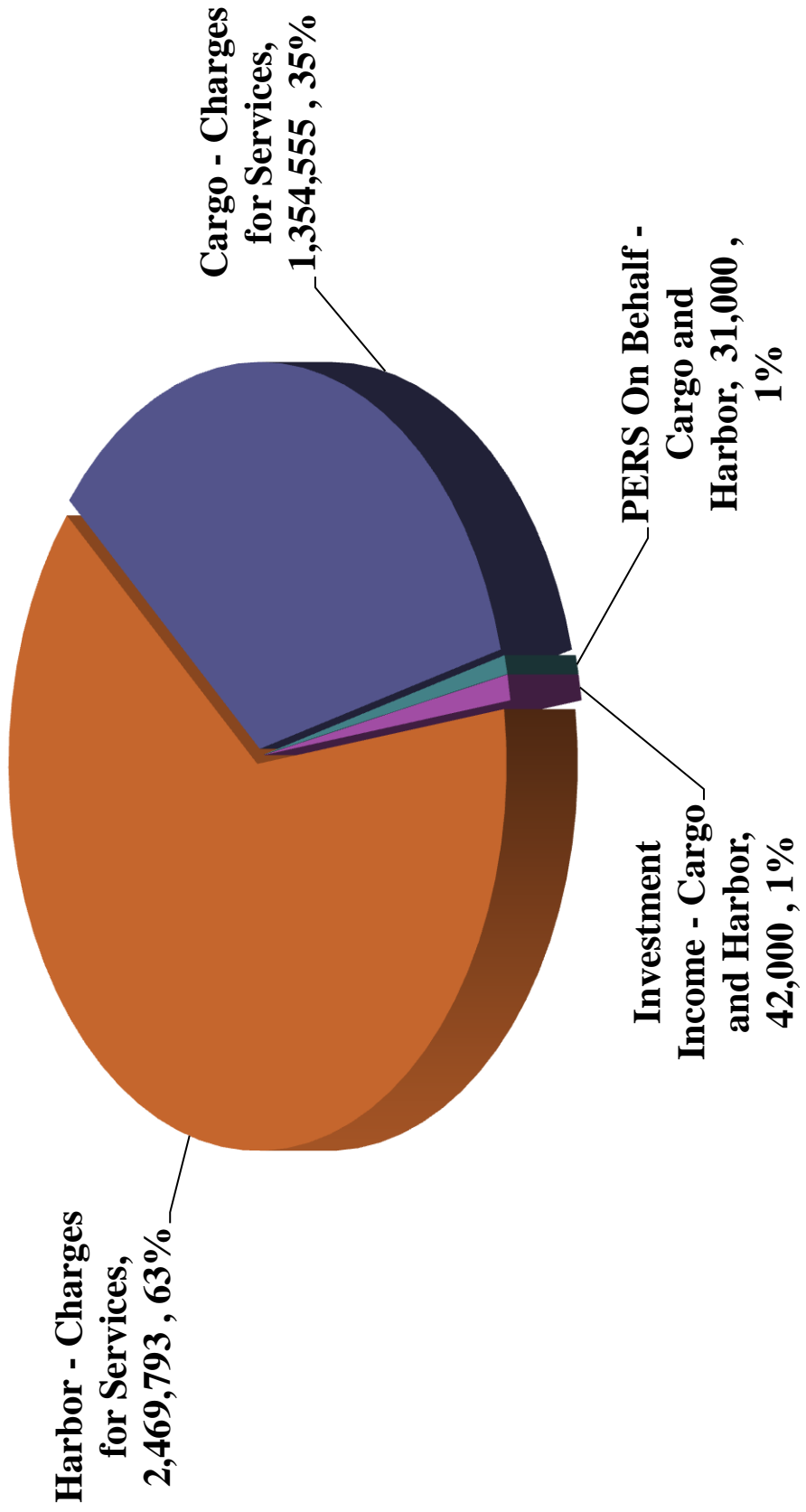
	FY 2017 Amended Budget	FY 2018 Adopted Budget	FY 2019 Budget	% Change from FY 2017 Amended Budget	% Change from FY 2018 Adopted Budget
Water - Collection Fees & Meters	\$ 4,542,000	\$ 4,192,000	\$ 4,430,835	-2.51%	5.39%
Sewer - Collection Fees & Meters	\$ 4,189,800	\$ 4,399,290	\$ 4,619,255	9.30%	4.76%
Other Water & Sewer Revenues	\$ 65,410	\$ 32,000	\$ 22,248	-194.00%	-43.83%
Investment Income – Water & Sewer	\$ 6,000	\$ 7,000	\$ 50,000	88.00%	86.00%
PERS On Behalf – Water & Sewer	\$ 242,936	\$ 60,000	\$ 40,000	-507.34%	-50.00%
<b>Total Water &amp; Sewer Fund Revenues</b>	\$ 9,046,146	\$ 8,690,290	\$ 9,162,337	<b>1.27%</b>	<b>5.15%</b>

# Cargo & Harbor Fund Revenue Projections

- Cargo Charges for Services were forecasted based on current Cargo Rates
- Harbor Charges for Services were forecasted based on the most recently adopted rate study



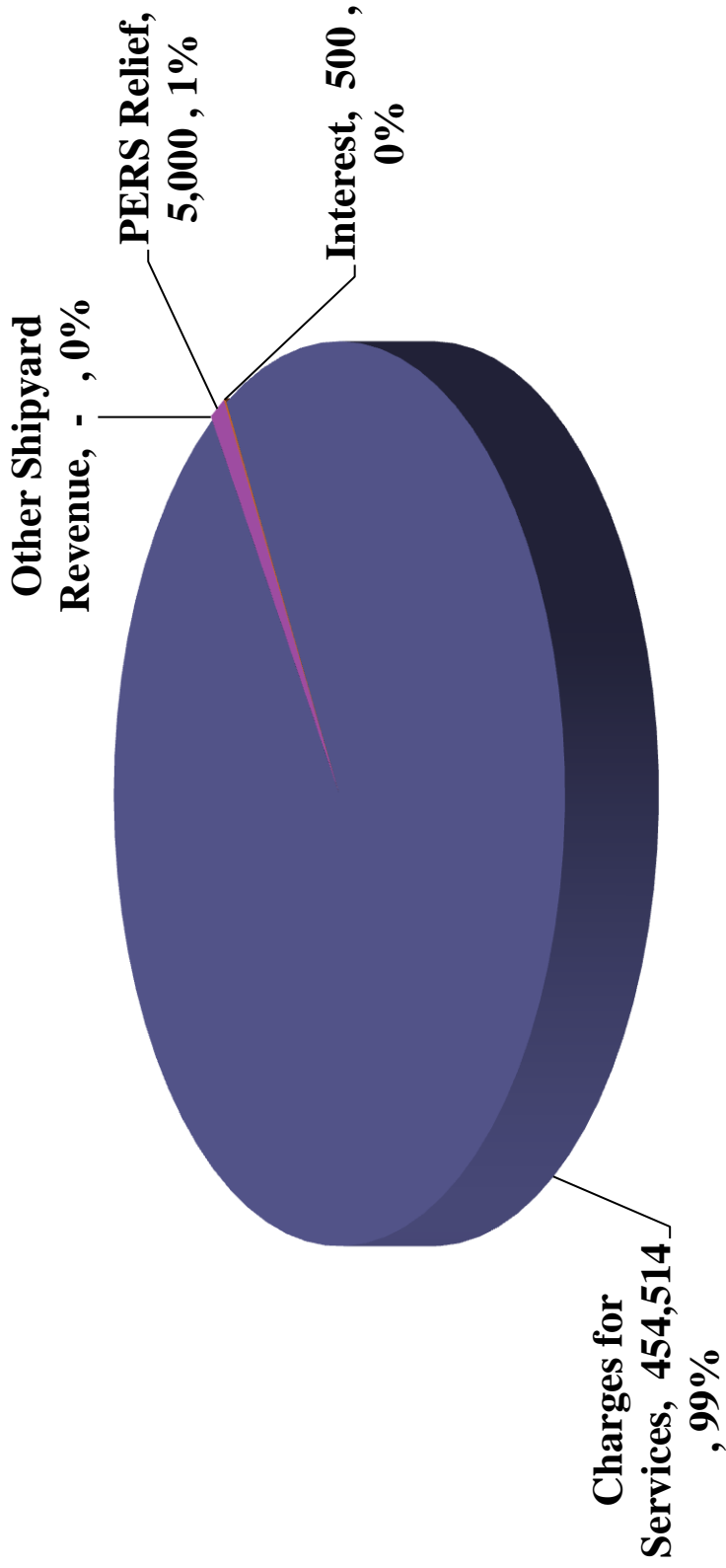
# FY 2019 Cargo & Harbor Fund Revenue Projections



# Cargo & Harbor Fund Projected Revenue Comparisons

	FY 2017 Amended Budget	FY 2018 Adopted Budget	FY 2019 Budget	% Change from FY 2017 Amended Budget	% Change from FY 2018 Adopted Budget
Cargo - Charges for Services	\$ 1,218,000	\$ 1,330,825	\$ 1,354,555	10.08%	1.75%
Harbor – Charges for Services	\$ 2,253,258	\$ 2,612,283	\$ 2,469,793	8.77%	-5.77%
PERS On Behalf – Cargo & Harbor	\$ 182,382	\$ 65,000	\$ 31,000	-488.33%	-109.68%
Investment Income – Cargo & Harbor	\$ 21,000	\$ 33,000	\$ 42,000	50.00%	21.43%
Other Revenue – Cargo & Harbor	\$ 35,870	\$ -0-	\$ -0-	-100.00%	0.00%
<b>Total Cargo &amp; Harbor Fund Revenues</b>	\$ 3,710,510	4,041,108	\$ 3,897,347	<b>4.79%</b>	<b>-3.69%</b>

# FY 2019 Shipyard Revenue Projections



# Shipyard Fund Projected Revenue Comparisons

	FY 2017 Amended Budget	FY 2018 Adopted Budget	FY 2019 Budget	% Change from FY 2017 Amended Budget	% Change from FY 2018 Adopted Budget
Charges for Services	\$ 688,000	\$ 616,000	\$ 454,514	-51.37%	-35.53%
Other Revenues	\$ 4,925	\$ -0-	\$ -0-	-100.00%	0.00%
PERS on Behalf	\$ 23,235	\$ 13,500	\$ 5,000	-364.70%	-170.00%
Investment Income	\$ 1,000	\$ 1,000	\$ 500	-100.00%	-100.00%
<b>Total Shipyard Fund Revenues</b>	\$ 717,160	\$ 630,500	\$ 460,014	<b>-55.90%</b>	<b>-37.06%</b>

*[Clerk's Note: the following is for the purpose of discussion. If the Council desires to amend Section 3.08.055, the ordinance will be written by the City attorney to include changes directed by the Council.]*

### **3.08.055 Senior citizen exemption**

(a) Effective Month, Day, 2018, (effective date of ordinance) ~~A~~ a person 65 years of age or older who has resided in the Kodiak Island Borough for a continuous period of ~~30~~ 365 days or more may ~~obtain~~ apply for a senior citizen sales tax exemption certificate by submitting a completed application to the finance director on a form provided by the city. Eligibility for a tax exemption shall be determined by the finance director based on applicant's income level (to be determined), Applicant must submit prior year federal tax return with application. The application must be signed by the applicant under oath and shall contain information relating to the applicant's residence, marital status, rental or ownership of occupied dwelling, persons occupying the dwelling, and other information reasonably necessary to determine the applicant's eligibility and monitor the use of the exemption certificate. The applicant shall also submit for inspection and copying a birth certificate, or other evidence determined by the finance director to be adequate, to establish the applicant's age. The exemption certificate shall be issued without charge in the name of the applicant and shall be valid for a period of three years. Except that seniors holding a valid tax exemption at the time Ordinance No. Xxxx becomes effective will retain that exemption indefinitely.

~~(b.) An exemption certificate issued to a person who is prevented or impaired from personally making purchases or payments by a physical or mental infirmity may designate not more than two other persons who shall be authorized to utilize the certificate when making purchases and payments on behalf of and for the sole use and benefit of the certificate holder or the certificate holder's spouse. Exemption holder must be present at the time of sale, except that medical and pharmacy purchases may be made by an individual designated by the exemption holder with a Power of Attorney.~~

(c) (1) No person may utilize a senior citizen tax exemption certificate to purchase or acquire property or rentals that are to be consumed or utilized by a person or persons other than the certificate holder, the certificate holder's spouse, a dependent of the certificate holder, or another person or persons who would be qualified to have a senior citizen exemption certificate issued to them under this section. As used in this section, "dependent" means a child of the certificate holder or the certificate holder's spouse who resides with the certificate holder when not attending school and who receives more than one-half of his or her support from the certificate holder.

(2) Notwithstanding any other provisions of this chapter no person may utilize a senior citizen tax exemption certificate to purchase or rent an item or service which will be used or consumed in a commercial business or enterprise or for the production of income.

(d) Persons making sales or rentals to or for the benefit of a senior citizen which are exempt from tax under the provisions of this section shall confirm the identity of the person or persons presenting an exemption certificate, if not personally known to them, by requesting identification and shall maintain records of each such exempt sale with an appropriate reference to the senior citizen exemption certificate number. If the person making the sale or rental has reason to believe that it is not for use or consumption by a senior citizen or other qualified user, because of the volume, type of purchase, or other facts, that person shall promptly report the possible fraudulent use of the exemption certificate to the city finance director. The finance director shall investigate the sale or sales, and if the finance director determines that the exemption certificate is being abused, the matter shall be referred to the city manager, who shall conduct such further investigation as is determined necessary and present the facts to the council for authorization to initiate prosecution or revocation action, or both.

(e) Senior citizen exemption certificates shall be subject to revocation as provided in KCC 3.08.070. [Ord. 983 §2, 1994; Ord. 703, 1983; Ord. 568 §1, 1979]

Persons in Household

Alaska Poverty Guidelines (Annual)

	100%	133%	138%	150%	200%	250%	300%	400%
1	\$15,060	\$20,030	\$20,783	\$22,590	\$30,120	\$37,650	\$45,180	\$60,240
2	\$20,290	\$26,986	\$28,000	\$30,435	\$40,580	\$50,725	\$60,870	\$81,160
3	\$25,520	\$33,942	\$35,218	\$38,280	\$51,040	\$63,800	\$76,560	\$102,080
4	\$30,750	\$40,898	\$42,435	\$46,125	\$61,500	\$76,875	\$92,250	\$123,000
5	\$35,980	\$47,853	\$49,652	\$53,970	\$71,960	\$89,950	\$107,940	\$143,920
6	\$41,210	\$54,809	\$56,870	\$61,815	\$82,420	\$103,025	\$123,630	\$164,840
7	\$46,440	\$61,765	\$64,087	\$69,660	\$92,880	\$116,100	\$139,320	\$185,760
8	\$51,670	\$68,721	\$71,305	\$77,505	\$103,340	\$129,175	\$155,010	\$206,680

Add \$5,230 for each person over 8

Health and

**State of Alaska**  
**Heating Assistance Program**  
**FY 2017 Poverty Income Guidelines**  
 150% of the Federal Poverty Income Guidelines

**FY 2017 Poverty Guidelines**

# of People in Household	Gross Monthly Income Less Than 150% of Poverty
1	\$ 1,855
2	\$ 2,502
3	\$ 3,150
4	\$ 3,797
5	\$ 4,445
6	\$ 5,092
7	\$ 5,740
8	\$ 6,390
9	\$ 7,040
10	\$ 7,690
11	\$ 8,340
12	\$ 8,990

\*Please add \$648 for each additional household member over 12 members.

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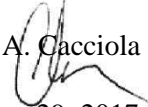


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bcf@bcfaklaw.com

**MEMORANDUM**

**To:** Kelly Mayes  
Finance Director

**From:** Charles A. Cacciola 

**Date:** November 29, 2017

**Re:** Required and Optional Sales Tax Exemptions

---

The City of Kodiak is examining its existing sales tax ordinances. You have asked what sales tax exemptions contained in the code are legally required exemptions and which are optional.

Most exemptions to the City's sales tax are not legally required. Several exemptions could be revised or eliminated while complying with legal requirements, but practical considerations dictate that they remain. This memo addresses each exemption individually and notes several other provisions that could be tightened to capture additional revenue.

**A. When to Codify Legally Mandated Exemptions.**

Subsection 3.08.040(n) exempts sales "which the city is prohibited from taxing by the Constitution or laws of the United States or the state of Alaska". In a sense, this is the only exemption that's legally required and it's effective whether the code sets forth the exemption or not. But Kodiak's code, like most sales tax codes, nevertheless elaborates numerous examples of sales which the city is prohibited from taxing by the Constitution or laws of the United States or the state of Alaska. The purpose of stating exemptions that are already mandatory is to provide guidance to the City and taxpayers as to what state and federal law require.

On the other hand, the code does not and should not attempt to enumerate every transaction that is tax-exempt as a matter of state or federal law. Instead, the code enumerates

exemptions for commonly occurring transactions and omits mandatory exemptions for unlikely ones. For example, a state statute prohibits municipal sale tax on “the sale, lease, rental, storage, consumption, or use of tangible personal property placed on or used aboard an orbital space facility, space propulsion system, or space vehicle, satellite, or station of any kind”. Few, if any, municipalities put this exemption in their code because it is not relevant.

A municipality does not need to tailor its code to state every legally required exemption. A buyer or seller who believes a federal or state law prohibits taxation can seek a ruling as to the transaction or type of transaction. Codifying exemptions required by state and federal law is an act of discretion: Codify too few and taxpayers are given insufficient guidance. Codify too many and the code is an impenetrable mess of nuanced exemptions to address transactions that may never occur.

## **B. Review of Chapter 3.08**

### **3.08.010 Levy of sales tax**

*(c) For the purposes of the tax levied by this section, a sale of tangible personal property is made within the city if:*

*(1) The sale is made by a business located within the city and delivery occurs within the city;*

*(2) The sale is made by a business located within the city, the order is received or solicited within the city or payment is received within the city, and delivery is made to a purchaser within the Kodiak Island Borough; or*

*(3) The sale is made by a business located outside of the city as a result of solicitation inside of the city and payment or delivery occurs within the city.*

Subsection (c) establishes when a sale is considered to have occurred in the City for the purpose of the sales tax levy. This provision is not an exemption but the practical effect of this subsection is that sales that could be taxed by the City are not.

The subsection, to define when a sale is considered to have occurred within the city, draws on federal Commerce Clause jurisprudence, which requires that a business have a “nexus” to the taxing state. Without nexus to the *state*, the tax is considered an impermissible burden on *interstate* commerce in violation of the Constitution’s Commerce Clause. Essentially the code replaces “city” for “state” as to the limitation of its levy. The City does not need to so narrowly define when a sale occurs in the City. The City can impose its sales tax on sales delivered to the City *if* the seller has a location in Alaska.

Specifically, a new subsection (c)(4) could be added to specify that sales made by a business located outside of the City are considered sales within the City if delivery occurs within

the City and the business has a place of business located in Alaska . In other words, the City can tax internet sales delivered to the City if the seller has a location in Alaska (e.g., Costco and Wal-Mart). Amazon sales, however, remain beyond the City’s taxing power as Amazon does not have sufficient nexus to the state.

**3.08.040 General exemptions**

*(a) Casual and isolated sales and rentals of personal property, and services not rendered in the regular course of business of the seller;*

A casual and isolated sale exemption is a practical, but not legally required, exemption. The purpose is to exempt occurrences like yard sales or selling one’s personal car every several years. Most people making casual and isolated sales are unlikely to comply with the sales tax code even if the exemption did not exist, and the administrative cost of processing new sellers every time someone sells an old TV likely exceeds the collectable revenue. The policy reasons for a casual and isolated sales exemption are efficiency and that broad disregard for sales taxes undermines legitimacy: When it is practically impossible to enforce the code as to a class of sales, it is better to exempt that class than to accept non-compliance.

*(b) Medical services performed by licensed medical doctors, dentists, osteopaths, optometrists, psychiatrists, psychologists, and chiropractors; sales of medicinal preparations and drugs prescribed by medical doctors; and hospital services;*

This exemption is not required. However, certain medical services paid for directly by the government – such as through Medicare or Medicaid – must be exempt. Due to the complexity of medical billing and for public policy purposes, most sales tax regimes exempt professional medical services entirely. But this is not legally required and the City’s existing sales tax “cap” lessens the overall tax burden associated with this category of professional service.

*(c) Sales, rentals, and services to religious and charitable organizations as defined in Sections 501(c)(1), (3), and (4) of the Internal Revenue Code, for the conduct of regular religious or charitable functions and activities, and not for the support or maintenance of the general membership or for communal living;*

This is not required. Under Alaska’s constitution, “property used exclusively for non-profit religious, charitable, cemetery, or educational purposes, as defined by law, shall be exempt from taxation.” A sales tax is not a property tax.

*(d) Sales of food in school cafeterias and lunchrooms that are operated primarily for students;*

Like medical services, this exemption is not required but certain sales must be exempt based on federal programs. But §3.08.040(o) already exempts any sales under this exemption that are legally required to be exempt.

Given 1) the strong overlap between this exemption and §3.08.040 (o), and 2) that exemption (o) more closely adheres to the legally required exemption, the City could consider deleting this exemption in favor of §3.08.040 (o). On the other hand, distinguishing between school meals supported by federal money and school meals entirely funded by the school district may be virtually impossible or so difficult as to justify retaining this exemption in addition to 3.08.040(o).

*(e) Sales and services by nonprofit schools and student organizations within schools for support of the school, organization, or extracurricular activities or events;*

This exemption is not legally required, but exempting such sales is a common policy choice because of the intended beneficiary of the sales as well as the frequently informal nature of the sales, which are not well suited to sales tax collection.

*(f) Sales, rentals, and services to the United States, the state of Alaska, and any agencies or political subdivisions thereof;*

This exemption is legally required by the state constitution and federal law.

*(g) Dues or fees to clubs, labor unions, and fraternal organizations;*

This exemption is not legally required.

*(h) Subscriptions to newspapers and periodicals;*

This exemption is not legally required.

*(i) Sales of insurance and bonds of guaranty and fidelity;*

Alaska Statute 21.09.210(f) prohibits levying sales tax on sales made by insurers. The Alaska Life and Health Insurance Guaranty Association is similarly exempt. Insurers and their agents

are *not* exempt from taxation on the purchase of goods, services, or rentals in fulfilling their obligations under the conditions of the insurance policy.

(j) *Funeral charges;*

This exemption is not legally required.

(k) *Transportation charges of commercial airlines, air charters, and passenger ship companies; provided, however, that this exemption shall not extend to boat charter operations not affecting interstate commerce;*

Under AS 29.45820, the City “may not levy or collect a tax or fee on the air transportation of individuals or goods by a federally certificated air carrier other than a tax or fee authorized under 49 U.S.C. 40116(e) or 40117.” The Alaska Marine Highway cannot be required to collect sales tax on ferry tickets.

(l) *Services rendered by banking or savings and loan institutions or credit unions;*

This exemption is broader than is absolutely required, but practical concerns militate against narrowing the exemption. Most municipalities have a similarly broad exemption because, with one exception, the complexity of narrowing the exemption while still abiding by state and federal laws is not worth the additional revenue. The noted exception is that this exemption could be revised to state only banking services are exempt. That is, if a bank elects to provide non-banking services, (such as selling coffee inside a bank office) those services would be taxable.

(m) *Services rendered by an employee to an employer in the normal course of employment;*

Wages paid to *employees* (*i.e.*, W-2 recipients) are consistently exempted from sales taxes. That’s not to say wages are exempt from taxation. Municipal income taxes in various forms throughout the United States. The viability of a City of Kodiak income tax is beyond the scope of this memo.

Independent contractors (*i.e.*, 10-99 MISC), however, are not employees and this exemption does not extend to them. Unless independent contractors are exempt under another provision of the City’s code, they are obligated to collect sales tax on the remuneration received for their services, even if the relationship looks like an employee/employer relationship.

*(n) Sales, rentals, and services which the city is prohibited from taxing by the Constitution or laws of the United States or the state of Alaska;*

This is, by definition, a required exemption.

*(o) Retail sales in dining rooms or cafeterias of food furnished by nonprofit organizations under programs wholly or partially supported by government funds;*

This is a required exemption. See comment to exemption §3.08.040(d), above.

*(p) Nursery and babysitting services;*

This is not a required exemption. Such exemptions are common due to public support for these services as well as the informality with which they are often provided, which presents registration and collection issues similar to those for casual and isolated sales.

*(q) Long-distance transmission of telephone and telegraph messages;*

In *Douglas v. Glacier State Telephone Co.*, the Alaska Supreme Court determined that a sales tax applying equally to long-distance and local calls placed within the taxing jurisdiction is lawful.

Alaska Statute 10.25.540 provides an exemption from local property, income and excise taxes, to telephone cooperatives. But a sales tax is not such a tax (although it is possible for a cooperative to argue a sales tax is an “excise tax” under AS 10.25.540). Even if AS 10.25.540 were an exemption for a business from paying sales tax on purchases made by the business, it is not an exemption for the customers of that business from sales tax on the customer’s purchase of business services. So this is not a required exemption.

*(r) Sales of heating fuel exclusively for residential uses (not to include fuel used in or on watercraft);*

This is not a required exemption.

*(s) Sales of electrical service to exclusively residential units;*

This is not a required exemption.

*(t) Sales of propane gas exclusively for residential uses (e.g., cooking, water heating, heating, clothes drying);*

This is not a required exemption.

*(u) Sale of fuel used in stationary power plants that generate electrical energy exclusively for private residential consumption;*

This is not a required exemption.

*(v) Sales, rentals, and services to nonprofit associations or organizations operated primarily for the purpose of planning, promoting, and conducting organized group activities for participants who are 18 years of age or less;*

This is not a required exemption.

*(w) Charges for garbage/refuse collection for garbage/refuse generated exclusively by residential use;*

This is not a required exemption.

*(x) Sales of water and sewer utility services for residential use; and*

This is not a required exemption.

*(y) Sales by religious or charitable organizations, as defined in Sections 501(c)(1), (3), and (4) of the Internal Revenue Code, of pull tabs, raffle and lottery tickets, bingo cards, and other tokens of participation in games of chance and contests of skill.*

This is not a required exemption.

**3.08.050**

*(c) Sales of tangible personal property to a person engaged in manufacturing within the city of products sold primarily within the city, which property is converted into or becomes an ingredient or component part of the manufactured product or a container therefor, or otherwise enters directly into the manufacturing process;*

This exemption is a variation on the sale-for-resale exemption and is not required. Sales for resale are often exempt from sales taxes (and subsection (a) contains such an exemption) because sales taxes are viewed as a tax on consumption or use of a good or service. A retailer who buys from a wholesaler, for example, does not use or consume the good, nor does the retailer add anything to the good so that it is of a different character when resold. When the goods are to be resold in the same taxing jurisdiction, taxing the wholesale sale and the retail sale is essentially taxing the same goods twice. But there is no law against taxing the same goods

twice. This category of exemption (which is often a part of a sales tax exemption provision) is an optional policy choice of the local government.

Subsection (c) is a type of sale-for-resale exemption that might more accurately be called a sale-for-manufacture exemption. The buyer/manufacturer uses the product, turning it into something else, which is then sold: a baker selling cake is not reseller of flour and butter. A sale-for-manufacture exemption is not required to have a sale-for-resale exemption. Some Alaska municipalities exempt sales for manufacture, others do not. For example, Nome limits its resale exemption to goods that are resold “without alteration.” Juneau, on the other hand, specifies that the exemption applies to “resale of the property whether in the same or an altered form”.

*(d) Sales to a building or construction contractor or subcontractor, for use on a project within the city of building materials, supplies, and other tangible personal property to be incorporated or used as component parts of a completed structure, driveway, landscaping, and other portions of the project and services utilized directly in the construction, erection, landscaping, and similar work on the project. This exemption shall not apply to tools, equipment, fuel, clothing, food, and similar items of property utilized but not incorporated into a project.*

This exemption is not required. As with subsection (c), a contractor is not a reseller of lumber or bricks, but a seller of construction services. Moreover, most construction contracts easily exceed the maximum taxable sale amount so the tax lost through this exemption is not likely to be recovered by taxing the sale of the construction services. Overall, this exemption results in a discount on construction projects if performed by a contractor over those performed by the project owner. If during the course of a home renovation project, the homeowner were to make a half dozen purchases of \$750 for construction materials, the homeowner would need to pay 7% on all purchases. If that person uses a contractor, however, the contractor can purchase the same supplies without paying sales tax and the homeowner pays, at most, 7% of the first \$750 of the construction contract.

Public construction presents different concerns. First, the City cannot impose its sales tax on government construction contracts as the state and federal governments are exempt buyers. The buyer’s exemption does not extend to purchases made by a construction contractor who is not exempt. The City can tax sales of construction materials to be used on a public construction project when the sales are made to a private contractor. Nevertheless, exempting sales of materials and services for use on a public construction projects is common because the tax will



ultimately be born, and often with markup, by the public project owner, the City, state, or federal government.

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**MEMORANDUM**

**To:** Mike Tvenge  
City Manager  
**From:** Charles A. Cacciola  
**Date:** October 6, 2017  
**Re:** Taxing Alcohol and Tobacco

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You asked for an overview of the city's authority to tax alcohol and tobacco.

**Alcohol: Personal Property and Sales Taxes**

Owing to the strength of the liquor lobby, municipal power to tax alcohol has been curtailed. It is limited to (1) personal property tax on alcoholic beverage inventories, and (2) sales tax *if* sales taxes are imposed on other sales.<sup>1</sup> Municipal excise taxes are not permitted.

As the statutory restriction appears in Title 4 (Alcoholic Beverages), not Title 29, there is no express exemption for home-rule municipalities.<sup>2</sup> Nor would a home-rule municipal tax contrary to AS 04.21.010(c) survive under the "substantial irreconcilability" test.<sup>3</sup>

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<sup>1</sup> AS 04.21.010(c).

<sup>2</sup> See AS 29.10.200.

<sup>3</sup> The substantial irreconcilability test is a judicially-created method to determine if a home-rule municipality can enforce an ordinance that conflicts with a state statute. At essence, the question is if the legislature, explicitly or implicitly, intended to limit municipal authority such that the municipal ordinance and statute are incompatible with

The statutory provision that a municipality may impose a sales tax on alcohol “if sales taxes are imposed on other sales” has resulted much litigation and requires elaboration. The provision clearly prohibits imposing a sales tax on alcohol and nothing else. But it also prohibits a sales tax levy on alcohol at a rate higher than a rate the municipality levies on some other good or service. However, a municipality is not required to impose on alcohol the *lowest* sales tax levy it has. If a municipality has a “general” sales tax rate and wants to charge a higher rate for alcohol, it must also tax some other good or service at the rate it would tax alcohol. As stated by Senator Eliason when the bill was in the legislature, municipalities can “impose a ten percent tax on liquor and tobacco — that wouldn’t be in violation of this provision”.<sup>4</sup> Even a bed tax, despite the name, can serve as the benchmark for an alcohol sales tax rate.<sup>5</sup>

Alcohol sales in the city are subject to the city’s 7% levy. But the city also levies a 12% bed tax, so the city could lawfully amend KCC 3.08.010 to impose a 12% levy on alcohol. The city probably cannot impose a rate other than 7% or 12% without establishing another benchmark rate with some other good, though it’s an open question.<sup>6</sup> It’s no coincidence that Senator Eliason suggested tobacco as a benchmark commodity; it’s another “sin” product with significant societal costs. He may not have imagined marijuana serving that purpose, but numerous municipalities have or are considering it.

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one another. *Municipality of Anchorage v. Repasky*, 34 P. 3d 302, 321-322 (Alaska 2001).

<sup>4</sup> *Lagos v. City & Borough of Sitka*, 823 P.2d 644 (Alaska 1991) (quoting Senate Finance Comm. Proceedings, May 8, 1985 (testimony of Senator Eliason)).

<sup>5</sup> *Interior Cabaret, Hotel, Rest. & Retailers Ass’n v. Fairbanks North Star Borough*, 135 P. 3d 1000 (Alaska 2006).

<sup>6</sup> Court decisions often use the term “discriminatory” in reference to the rate on alcohol, but interchangeably talk about taxing alcohol at a “higher” rate. To my knowledge, nobody’s charged a rate less than the highest benchmark but still more than the general levy. As a practical matter, liquor license owners are savvy enough not to challenge a 10% tax, knowing that if they prevailed in court, the result would likely be a 12% tax. On the other hand, savvy residents who would like to see even higher alcohol sales taxes might challenge at 10% tax hoping for just that same result.

## Excise Taxes

An excise tax is a tax imposed on the performance of an act, the engaging in an occupation, or the enjoyment of a privilege.<sup>7</sup> Excise taxes target specific good or acts, unlike broad-based sales taxes. The power to levy an excise tax, though not explicitly provided by statute, is enjoyed by all Alaska municipalities.<sup>8</sup>

Common features distinguish excises taxes from sales taxes, but the line is not always clear. Sales taxes tend to be imposed at the final sale to the consumer. Excise taxes are imposed at other points in the commercial cycle, for example, at the time of production,<sup>9</sup> or importation into a city.<sup>10</sup> Excise taxes are imposed on specific industries, so they are often customized to the major industries of the taxing jurisdiction. (The state's Commercial Passenger Vessel Excise Tax - \$34.50 per cruise ship passenger per voyage and paid by the operator - is a paradigmatic example.<sup>11</sup>) Another common, though not defining, distinction is that excise taxes are often assessed at a flat rate (*e.g.*, \$50 per ounce on marijuana; \$2 per pack cigarettes.).

Finally, excise taxes often have a goal beyond generating revenue. Because an excise tax is imposed on a specific industry, they are used to influence behavior, such as deterring smoking, drinking (although municipalities cannot impose an excise tax on alcohol, the state can and does<sup>12</sup>), and fuel consumption.

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<sup>7</sup> 16 Eugene McQuillan, *The Law of Municipal Corporations* § 44.190 (3<sup>rd</sup> ed.2003).

<sup>8</sup> *See e.g. Fannon v. Matanuska-Susitna Borough*, 192 P. 3d 982 (Alaska 2008).

<sup>9</sup> For example, the state levies a \$50-per-ounce excise tax on any part of the bud and flower and \$15 an ounce for the remainder of the plant that is due at the time the marijuana is harvested.

<sup>10</sup> Importation of tobacco products into a municipality is often the “privilege” that invokes tobacco excise taxes. *E.g.* Juneau Code 69.08.20(a) “The City and Borough hereby levies an excise tax of \$3.00 per pack of cigarettes brought into the City and Borough after April 1, 2015.”

<sup>11</sup> As you’re aware, this revenue is shared with the hosting municipalities. In FY 2016, \$176,000 was remitted to the city, and a staggering \$34,578,520 to Skagway.

<sup>12</sup> State alcohol excise rates depend upon the beverage that is distributed. *See* <http://www.tax.alaska.gov/programs/documentviewer/viewer.aspx?2>

For Alaska municipalities, excise taxes can offer collection opportunities superior to sales taxes and can capture transactions that a retail sales tax cannot (such as production, importation, etc.). But a major reason Alaska municipalities levy excise taxes (and almost only on tobacco) is that sales tax increases require voter approval in most municipalities.<sup>13</sup> Although home-rule municipalities are exempt from the statutory voter requirement, many home-rule charters nevertheless require sales tax increases be put on the ballot.<sup>14</sup> No ballot question is required for excise taxes, home rule or not. Excise taxes also have favorable optics as the tax is included in list prices consumers see: People are more accepting of a \$3-a-pack cigarette excise tax than of a 50% sales tax added at the register, even if the total cost is the same.

### **Conclusion**

The city has authority to levy sales taxes on alcohol at any rate that it taxes some other good or service. It generally has broad authority to levy excise taxes, but cannot do so on alcohol.

The city's authority to levy and collect sales taxes and excise taxes from certain entities (*e.g.*, the state, federal government, Amazon<sup>15</sup>) and on certain sources (*e.g.*, sales paid for with food stamps) is further limited by state and federal laws. This is a more nuanced question best addressed in the context of a specific tax proposal. Neither additional sales tax levies nor excise taxes are likely to conflict with Kodiak Island Borough taxation.<sup>16</sup>

Please let me know if you have any further questions.

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<sup>13</sup> See AS 29.45.670.

<sup>14</sup> *E.g.*, Anchorage, Juneau, and Fairbanks.

<sup>15</sup> This prohibition results from the U.S. Constitution's commerce clause.

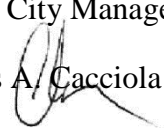
<sup>16</sup> The borough levies an excise tax on marijuana cultivated in the borough that is equal to 20% of the state's excise tax. KIBC 3.70.030(B). This does not prevent the city from also imposing an excise tax on cultivation; I've included this merely as an FYI.

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**MEMORANDUM**

**To:** Matthew Van Daele  
Deputy City Manager

**From:** Charles A. Cacciola 

**Date:** October 27, 2017

**Re:** Procedure for Setting Mill Rate

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You asked what procedure the council must follow to increase the City's property tax mill rate.

The council must annually set a mill rate by non-code ordinance. The procedure is the same whether the council maintains the same rate as the previous year or changes it. June 15 is the legal deadline to present the Borough assembly with a statement of the rate. The City's existing practice of setting the mill rate as part of the budget ordinance passed in early June satisfies all legal requirements. The City should nevertheless try to coordinate with the Borough to determine when, for practical purposes, the Borough needs notice of a change in the rate. The basis for these conclusions are set forth below.

**A. Legal Requirements for Setting the Rate of Levy**

Alaska statues relating to municipal real property taxation apply to home-rule municipalities.<sup>1</sup> Under state law, "[t]axes levied by a city shall be collected by a borough and returned in full to the levying city."<sup>2</sup> Owing to this procedure of tax collections for cities in

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<sup>1</sup> AS 29.10.200(41), (50).

<sup>2</sup> AS 29.35.170.

boroughs, the “council shall by June 15 of each year present to the assembly a statement of the city’s rate of levy unless a different date is agreed upon by the borough and city.”<sup>3</sup>

Neither the charter nor code contain much in the way of tax assessment procedure. The charter specifies that the “council, *by ordinance*, shall provide for the annual assessment, levy, and collection of taxes on property.”<sup>4</sup> This is distinct from a state statute inapplicable to home-rule cities inside a borough that specifies that the levy should be set by *resolution*.<sup>5</sup> The city code does not deviate or add to state law, stating: “All real property tax levies shall be assessed and collected by the Kodiak Island Borough in accordance with AS 29.”<sup>6</sup>

We reviewed the Kodiak Island Borough Code and did not identify any provision that explicitly or implicitly requires a date earlier than the June 15 default set by statute. You stated that you are unaware of any agreement between the City and Borough that sets an earlier date. However, you said that, in the past, the Borough has inquired in May as to any change in the City’s levy.

## **B. Budget Process**

Neither the statutes, charter, nor code explicitly state that setting the rate of levy is part of the annual budgeting process. But it necessarily is: The charter requires that the year’s expenditures not exceed anticipated revenue.<sup>7</sup>

The charter requires the manager to preset a budget to the council not later than 3 weeks before the beginning of the fiscal year (*i.e.*, June 10).<sup>8</sup> The budget must be approved not later than 3 days before the beginning of the fiscal year.<sup>9</sup> Because the budget must be based on

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<sup>3</sup> AS 29.45.560.

<sup>4</sup> Charter, Art. V, Sec. 8 (emphasis added).

<sup>5</sup> See AS 29.45.240. Arguably this charter provision was intended to require that the council, by ordinance, require an annual assessment and levy while allowing the rate to be set annually by resolution. Art. V. Sec. 10 militates against that interpretation as it specifies that a change in the assessment date must be accomplished by ordinance which, under AS 29.45.240, must also be done by resolution.

<sup>6</sup> KCC § 3.04.010(a).

<sup>7</sup> Charter Art. V, Sec. 2; Charter Art. V, Sec. 4.

<sup>8</sup> Charter Art. V, Sec. 2.

<sup>9</sup> Charter Art. V, Sec. 4.



anticipated revenue and a significant portion of that revenue is generated by property tax, the manager's proposed budget must be based on either a proposed mill rate or one that the council has previously approved.

Setting the mill rate ordinarily dovetails with having information about the total assessed value of property in the City. The City may wish to have that information before deciding upon a mill rate. Valuation data is held by the Borough. The Borough assessor must complete the annual assessment roll before March 1.<sup>10</sup> There may be some change in the total valuation set forth in initial roll and the total valuation in the final certified roll that is published after property owners appeal assessments to the Borough Board of Equalization, but the valuation appeal process typically has only a slight impact on total property tax revenue.

In practice, the City budget process begins earlier than is required by law. The council typically has a work session on the draft budget the first week in May, with the first reading of the budget ordinance occurring in late May, and the budget ordinance adopted at the first regular meeting in June. A mill rate can be set by ordinance before the budget is approved, but common practice – Kodiak's and other municipalities' – is to set the rate at the same time the budget is approved.<sup>11</sup>

As one would expect, the City's practice of adopting the budget at the first regular council meeting in June and the same ordinance setting the mill rate satisfies the legal requirements for setting the rate and enables the City "to present to the assembly a statement of the city's rate of levy" (*e.g.*, a copy of the ordinance) by June 15 as is required by law.

### **C. Recommendation**

The council's current practice of setting the mill rate with the same ordinance that adopts the annual budget is both lawful and good practice. But the Borough has typically inquired in May as to any change in the mill rate (which has remained unchanged at 2 mills for many years). Because the manager presents the proposed budget in May, which includes an anticipated mill rate, the City can answer the Borough's inquiry as to the *anticipated* mill rate. But it cannot say definitively what the rate will be until the council sets the rate by non-code ordinance. Under

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<sup>10</sup> KIBC § 3.34.040 (B)

<sup>11</sup> *See e.g.*, Ordinance No. 1363 (June 8, 2017).

current practice, this occurs in in early June with the mill rate set by the same non-code ordinance that approves the budget.

In light of the Borough's practice of inquiring in May as to the anticipated rate and to facilitate the Borough's obligation to collect the taxes on behalf of the City, we recommend working with the Borough to determine when, for practical purposes, the Borough needs to know definitively what the City's mill rate will be. The City should contact the Borough to determine the Borough's scheduling needs so that the City can evaluate setting the City's calendar for the introduction, public hearing and adoption of a non-code ordinance setting this year's mill rate with consideration of the Borough's budget adoption timeline. If the two timelines are not compatible, the City is legally entitled to present the Borough assembly with that year's rate of levy on June 15.

Please let us know if you have any further questions regarding this matter.

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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers  
**From:** Mike Tvenge, City Manager  
**Thru:** Matthew Van Daele, Deputy City Manager  
**Date:** January 2, 2018

**Work Session**  
**Agenda Item:** 4. f. City Mill Rate Discussion

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**SUMMARY:** The following was prepared to aid the Council’s discussion regarding consideration of the City’s current property tax mill rate of 2.0 mills, as well as information regarding procedures to modify this property tax mill rate and financial impacts if the mill rate were to be increased.

**BACKGROUND:** The millage rate, commonly referred to as “mill rate”, is a tax calculation used to determine property taxes. One mill equals \$1.00 of a property tax paid per \$1,000.00 in assessed value of property owned. Therefore, for the median single-family residential home in Kodiak (\$303,000.00), each mill equals \$303.00 in property taxes.

**PREVIOUS COUNCIL ACTION:** On June 16, 1941, the City Council established the mill rate (which was at that time for both real and personal property) at 20.0 mills. This tax levy stayed at 20.0 mills until 1960. In 1961, the mill rate was reduced to 18.5 mills, and taxes collected were split at “9.5 mills for City use, and 9.0 mills for schools” (Resolution No. 3-91). In 1963, the mill rate was increased back to 20.0 mills, though the municipal/school allocation was changed to 6.8 mills and 13.2 mills, respectively.

The Kodiak Island Borough was incorporated as a second-class Borough on September 24, 1963, and as a second-class Borough, it is responsible for education services. As such, in 1964 and 1965 the total City-wide mill rate was reduced to only the 6.8 mills used to fund City services, with the Borough assuming mill rates used to fund the Kodiak Island Borough School District. In 1966, the City’s mill rate was increased to 7.94 mills, to 10.18 mills the following year in 1967, and finally ended the decade at 11.0 mills in 1969.

The mill rate was decreased in 1970 from 11.0 mills to 7.0 mills, and remained at 7.0 mills through 1978. In 1979, it was increased to 9.1 mills, only to be decreased to 6.0 mills the following year. In 1982 it was further decreased to 4.0 mills, then to 2.0 mills in 1983, followed by an additional decrease to 1.25 mills in 1984. It was subsequently raised back to 2.0 mills in 1985, and has stayed at this rate for the past three decades.

**DISCUSSION:** The 2017 certified roll has assessed a total of \$561,764,580.00 of taxable real property within the Kodiak City limits; excluding non-profit, place of worship, Senior Citizen, and Disabled Veteran exemptions. Therefore, each mill within the City equates to a maximum of \$561,764.58 in collectable tax (Attachment A). At the current property tax rate of 2.0 mills for the City, this equates to roughly \$1,123,529.16 that could be collected in real property taxes per year. However, this number may fluctuate due to non-paid and/or delinquent taxes. In FY2017 the City received \$1,083,234.11, or \$40,295.05 less than the total taxable value.

Currently, the real property tax mill rate within the City is one of the lower tax rates found across the Kodiak Island Borough (Attachment B). The base mill rate of the entire Kodiak Island Borough is 10.75 mills, which is split among four main “funds;” including the Borough’s General Fund, Education Support Fund, School Debt Service Fund, and the Renewal and Replacement Fund.

Properties in certain areas, such as Middle and Kalsin Bays, Pasagshak, Chiniak, and the villages only pay the base mill rate. Other areas that are a part of one or more Service Districts pay both the base Borough-wide rate, as well as any additional service district rates. The highest-taxed real properties in the Borough are in the Mission Lake Tide Gate Area (an additional 4.0 mills on top of the Borough-wide 10.75 mills, for a total of 14.75 mills), and the Monashka Bay Road Service Area (an additional 4.0 mills on top of the Borough-wide 10.75 mills, for a total of 14.75 mills). Properties within the City of Kodiak (2.0 mills for City services, plus the Borough-wide rate of 10.75 mills) puts real properties in City limits towards the lower end of the property tax spectrum at 12.75 mills.

Therefore, for the median house discussed earlier, the total property tax due each year is \$3,863.25 (\$606.00 due for the City’s 2.0 mill rate, and \$3,257.25 for the Borough’s mill rate of 10.75).

However, it is important to note that assessed values of real property in Kodiak have been reliably increasing over the past decade. According to data received from the Borough’s Assessing Department, since 2008 the total assessed value (which include both increases in assessed values of existing structures, as well as new construction) within the City have increased an average of 58%, while areas outside the City Limits have increased 68%. Therefore, if the median house of “today” sees an increase in its assessed value in 2018 and becomes a \$315,000.00 house, its property tax – while still at the same mill rate – would increase to \$4,016.25.

Due to the State of Alaska’s continued financial crisis, compounded by decreases in student enrollments within the Kodiak Island Borough School District, our local schools will see less funding received from the State in the coming year. This in turn may necessitate the Kodiak Island Borough raising its base mill rate to increase funding to the KIBSD. It is also possible that the overall mill rate may be increased to cover not only the Education Support Fund, but the School Debt Service and the Renewal and Replacement Funds as well.

As such, if the City's mill rate remains at 2.0 mills, the actual taxes paid on real property within the City may rise due to increases in assessed values, as well as potential increases in the base Borough-wide mill rate itself. Furthermore, though residential rental rates have been decreasing, it is unknown if an increase in real property taxes may cause these rents to stabilize or increase.

**LEGAL:** Staff were directed to research the procedures that would be required if the Council desired to increase the mill rate for real property, and the City Attorney's legal opinion is included (Attachment C).

**ATTACHMENTS:**

Attachment A: 2017 Certified Tax Roll

Attachment B: Kodiak Island Borough Base Mill Rate

Attachment C: Attorney Opinion Procedure for Setting Mill Rate, October 27, 2017

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# KODIAK ISLAND BOROUGH TAX YEAR 2017 CERTIFIED ROLL TOTALS

Tax Code Areas	Land	Buildings	Real Sub-total	*Non-Profit, Charitable, Other	100% Exempt Parcels	Gross Real Value	Senior Citizens	Disabled Vets	Agriculture	Net Real Taxable
TCA 1 City of Kodiak	246,061,300	859,363,000	1,105,424,300	(12,381,942)	(496,921,700)	596,120,658	(31,914,878)	(2,441,200)	0	561,764,580
TCA 2 Woodland Ac St. Lights	11,512,100	46,170,200	57,682,300	0	(2,089,400)	55,592,900	(2,550,000)	(750,000)		52,292,900
TCA 3 Airport Fire District	3,927,300	7,148,900	11,076,200	0	(1,055,400)	10,020,800	0	0	0	10,020,800
TCA 4 Bayview	3,237,100	7,735,000	10,972,100	0	(69,500)	10,902,600	(1,350,000)	(300,000)	0	9,252,600
TCA 5 Rural & Remote Borough	1,908,917,700	132,612,200	2,041,529,900	(541,400)	(1,873,684,200)	167,304,300	(8,643,200)	(556,300)	(538,800)	157,566,000
TCA 6 Monashka Bay	5,878,300	22,853,600	28,731,900	0	0	28,731,900	(2,619,300)	(450,000)	0	25,662,600
TCA 7 Service District One	93,473,100	226,671,700	320,144,800	(7,155,101)	(22,557,700)	290,431,999	(18,119,000)	(4,500,000)	0	267,812,999
TCA 8 Fire Protection Area One	17,608,700	20,160,700	37,769,400	(1,162,980)	(12,490,400)	24,116,020	(750,000)	(450,000)	0	22,916,020
TCA 9 Womens Bay Fire	28,686,700	61,713,700	90,400,400	0	(3,451,900)	86,948,500	(5,318,500)	(1,903,000)	0	79,727,000
TCA 71 Mission Lake Tidegate	2,882,700	4,216,100	7,098,800	0	(156,500)	6,942,300	(750,000)	0	0	6,192,300
TCA 72 Trinity Islands Street Light	2,256,300	11,134,700	13,391,000	0	0	13,391,000	(750,000)	(150,000)	0	12,491,000
<b>2017 CERTIFIED TOTALS</b>	<b>2,324,441,300</b>	<b>1,399,779,800</b>	<b>3,724,221,100</b>	<b>(21,241,423)</b>	<b>(2,412,476,700)</b>	<b>1,290,502,977</b>	<b>(72,764,878)</b>	<b>(11,500,500)</b>	<b>(538,800)</b>	<b>1,205,698,799</b>

LESS MANDATED EXEMPTIONS - LESS MANDATED EXEMPTIONS

\* This represents only partially exempt parcels with state mandated charitable and religious property exemptions and does not include 100% exempt parcels.

\*\* The total valuation for aircraft this year is \$7,841,400 with 39 accounts subject to taxation by take-off weight.

# KODIAK ISLAND BOR

Tax Code Areas	Personal Property	TOTAL TAXABLE	**AIR EXEMPT	** BPP EXEMPT
TCA 1 City of Kodiak	100,757,239	662,521,819	4,946,400	3,248,761
TCA 2 Woodland Ac St. Lights	385,147	52,678,047		57,853
TCA 3 Airport Fire District	3,371,950	13,392,750	2,670,000	208,050
TCA 4 Bayview	0	9,252,600		0
TCA 5 Rural & Remote Borough	25,650,810	183,216,810	225,000	649,790
TCA 6 Monashka Bay	166,684	25,829,284	0	316
TCA 7 Service District One	4,122,681	271,935,680	0	251,619
TCA 8 Fire Protection Area One	46,512	22,962,532	0	88
TCA 9 Womens Bay Fire	2,624,077	82,351,077	0	170,023
TCA 71 Mission Lake Tidegate	0	6,192,300	0	0
TCA 72 Trinity Islands Street Light	0	12,491,000	0	0
<b>2017 CERTIFIED TOTALS</b>	<b>137,125,100</b>	<b>1,342,823,899</b>	<b>7,841,400</b>	<b>4,586,500</b>



Kodiak Island Borough Mill Rates - Fiscal Year 2018, Tax Year 2017

	AREA WIDE					NON-AREA WIDE										Total	
	Borough General Fund 100	Education Support Fund 201	School Debt Service Fund 300	Renewal & Replacement Fund 469	City of Kodiak	Womens		Road Service		Protection Area #1		Fire Protection		Street Light			Tide Gate Mission Lake Fund 262
						Bay Fund 240	Monashka Bay Fund 244	Service Area #1 Fund 242	Monashka Bay Fund 244	Protection Area #1 Fund 250	Womens Bay Fund 252	Airport Fund 254	Woodland Acres Fund 260	Trinity Island Fund 261			
Tax Code Area (TCA)																	
<b>TCA 1</b>	0.62	6.80	2.03	1.30	2.00												12.75
City of Kodiak																	
<b>TCA 2</b>	0.62	6.80	2.03	1.30				1.50		1.50				0.10			13.85
Road Service Area No. 1																	
Fire Protection Area No. 1																	
Woodland Acres Street Lighting																	
<b>TCA 3</b>	0.62	6.80	2.03	1.30									1.25				12.00
KIB Airport Fire Protection Area																	
<b>TCA 4</b>	0.62	6.80	2.03	1.30						1.50							13.75
Bayview Road Service Area																	
Fire Protection Area No. 1																	
<b>TCA 5</b>	0.62	6.80	2.03	1.30													10.75
Entire Borough (excluding special assessment areas)																	
<b>TCA 6</b>	0.62	6.80	2.03	1.30										2.50			14.75
Monashka Bay Road Service Area																	
Fire Protection Area No. 1																	
*Properties with no road service																	12.25
<b>TCA 7</b>	0.62	6.80	2.03	1.30										1.50			13.75
Road Service Area No. 1																	
Fire Protection Area No. 1																	
*Properties with no road service																	12.25
<b>TCA 71</b>	0.62	6.80	2.03	1.30										1.50		1.00	14.75
Road Service Area No. 1																	
Fire Protection Area No. 1																	
*Properties with no road service																	12.25
<b>TCA 72</b>	0.62	6.80	2.03	1.30													13.95
Road Service Area No. 1																	
Fire Protection Area No. 1																	
Mission Lake Tide Gate Area																	
*Properties with no road service																1.00	13.25
<b>TCA 8</b>	0.62	6.80	2.03	1.30										1.50			13.95
Road Service Area No. 1																	
Fire Protection Area No. 1																	
Trinity Islands Street Lighting																	
<b>TCA 8</b>	0.62	6.80	2.03	1.30										1.50			12.25
Fire Protection Area No. 1																	
<b>TCA 9</b>	0.62	6.80	2.03	1.30										2.50			14.50
Womens Bay Road Area																	
Womens Bay Fire Area																	
*Properties with no road service																1.25	12.00

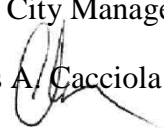
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**MEMORANDUM**

**To:** Matthew Van Daele  
Deputy City Manager

**From:** Charles A. Cacciola 

**Date:** October 27, 2017

**Re:** Procedure for Setting Mill Rate

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You asked what procedure the council must follow to increase the City's property tax mill rate.

The council must annually set a mill rate by non-code ordinance. The procedure is the same whether the council maintains the same rate as the previous year or changes it. June 15 is the legal deadline to present the Borough assembly with a statement of the rate. The City's existing practice of setting the mill rate as part of the budget ordinance passed in early June satisfies all legal requirements. The City should nevertheless try to coordinate with the Borough to determine when, for practical purposes, the Borough needs notice of a change in the rate. The basis for these conclusions are set forth below.

**A. Legal Requirements for Setting the Rate of Levy**

Alaska statutes relating to municipal real property taxation apply to home-rule municipalities.<sup>1</sup> Under state law, "[t]axes levied by a city shall be collected by a borough and returned in full to the levying city."<sup>2</sup> Owing to this procedure of tax collections for cities in

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<sup>1</sup> AS 29.10.200(41), (50).

<sup>2</sup> AS 29.35.170.

boroughs, the “council shall by June 15 of each year present to the assembly a statement of the city’s rate of levy unless a different date is agreed upon by the borough and city.”<sup>3</sup>

Neither the charter nor code contain much in the way of tax assessment procedure. The charter specifies that the “council, *by ordinance*, shall provide for the annual assessment, levy, and collection of taxes on property.”<sup>4</sup> This is distinct from a state statute inapplicable to home-rule cities inside a borough that specifies that the levy should be set by *resolution*.<sup>5</sup> The city code does not deviate or add to state law, stating: “All real property tax levies shall be assessed and collected by the Kodiak Island Borough in accordance with AS 29.”<sup>6</sup>

We reviewed the Kodiak Island Borough Code and did not identify any provision that explicitly or implicitly requires a date earlier than the June 15 default set by statute. You stated that you are unaware of any agreement between the City and Borough that sets an earlier date. However, you said that, in the past, the Borough has inquired in May as to any change in the City’s levy.

## **B. Budget Process**

Neither the statutes, charter, nor code explicitly state that setting the rate of levy is part of the annual budgeting process. But it necessarily is: The charter requires that the year’s expenditures not exceed anticipated revenue.<sup>7</sup>

The charter requires the manager to preset a budget to the council not later than 3 weeks before the beginning of the fiscal year (*i.e.*, June 10).<sup>8</sup> The budget must be approved not later than 3 days before the beginning of the fiscal year.<sup>9</sup> Because the budget must be based on

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<sup>3</sup> AS 29.45.560.

<sup>4</sup> Charter, Art. V, Sec. 8 (emphasis added).

<sup>5</sup> *See* AS 29.45.240. Arguably this charter provision was intended to require that the council, by ordinance, require an annual assessment and levy while allowing the rate to be set annually by resolution. Art. V. Sec. 10 militates against that interpretation as it specifies that a change in the assessment date must be accomplished by ordinance which, under AS 29.45.240, must also be done by resolution.

<sup>6</sup> KCC § 3.04.010(a).

<sup>7</sup> Charter Art. V, Sec. 2; Charter Art. V, Sec. 4.

<sup>8</sup> Charter Art. V, Sec. 2.

<sup>9</sup> Charter Art. V, Sec. 4.

anticipated revenue and a significant portion of that revenue is generated by property tax, the manager’s proposed budget must be based on either a proposed mill rate or one that the council has previously approved.

Setting the mill rate ordinarily dovetails with having information about the total assessed value of property in the City. The City may wish to have that information before deciding upon a mill rate. Valuation data is held by the Borough. The Borough assessor must complete the annual assessment roll before March 1.<sup>10</sup> There may be some change in the total valuation set forth in initial roll and the total valuation in the final certified roll that is published after property owners appeal assessments to the Borough Board of Equalization, but the valuation appeal process typically has only a slight impact on total property tax revenue.

In practice, the City budget process begins earlier than is required by law. The council typically has a work session on the draft budget the first week in May, with the first reading of the budget ordinance occurring in late May, and the budget ordinance adopted at the first regular meeting in June. A mill rate can be set by ordinance before the budget is approved, but common practice – Kodiak’s and other municipalities’ – is to set the rate at the same time the budget is approved.<sup>11</sup>

As one would expect, the City’s practice of adopting the budget at the first regular council meeting in June and the same ordinance setting the mill rate satisfies the legal requirements for setting the rate and enables the City “to present to the assembly a statement of the city’s rate of levy” (*e.g.*, a copy of the ordinance) by June 15 as is required by law.

### **C. Recommendation**

The council’s current practice of setting the mill rate with the same ordinance that adopts the annual budget is both lawful and good practice. But the Borough has typically inquired in May as to any change in the mill rate (which has remained unchanged at 2 mills for many years). Because the manager presents the proposed budget in May, which includes an anticipated mill rate, the City can answer the Borough’s inquiry as to the *anticipated* mill rate. But it cannot say definitively what the rate will be until the council sets the rate by non-code ordinance. Under

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<sup>10</sup> KIBC § 3.34.040 (B)

<sup>11</sup> *See e.g.*, Ordinance No. 1363 (June 8, 2017).

current practice, this occurs in in early June with the mill rate set by the same non-code ordinance that approves the budget.

In light of the Borough's practice of inquiring in May as to the anticipated rate and to facilitate the Borough's obligation to collect the taxes on behalf of the City, we recommend working with the Borough to determine when, for practical purposes, the Borough needs to know definitively what the City's mill rate will be. The City should contact the Borough to determine the Borough's scheduling needs so that the City can evaluate setting the City's calendar for the introduction, public hearing and adoption of a non-code ordinance setting this year's mill rate with consideration of the Borough's budget adoption timeline. If the two timelines are not compatible, the City is legally entitled to present the Borough assembly with that year's rate of levy on June 15.

Please let us know if you have any further questions regarding this matter.

## Business Licenses

### I. Criminal penalties

#### A. Add the following language for Chapter 3.08 Sales Tax and Business Licenses code sections:

1. *In addition to the penalties provided under Section XXXX, any person convicted under a violation of the City's sales tax code shall be guilty of a class C misdemeanor, punishable by a fine of five hundred dollars (\$500.00) for a first offense and by a fine of no more than seven hundred and fifty dollars (\$750.00) and a prison sentence of no more than six (6) months upon conviction of a second offense and all additional offenses within a calendar year.*

### II. Business License Code

#### A. The following is hereby declared to be and is adopted as the business license code and schedule of fees for the City for the year beginning January 1, 2017, and for each subsequent year thereafter. There hereby is levied and assessed a business license fee for the privilege of doing any kind of business, trade, profession or other activity in the City.

#### B. Rate

1. Each and every person, wherever located, who engages in any business within the corporate limits, shall pay an annual license, and tax deposit if applicable, according to the attached schedule of licenses, which is located at the end of this Chapter.

#### C. Definitions

1. Unless the context clearly requires otherwise, the following terms shall have the meaning set forth below:
  - a. *Business* means an act for which a license may be required including, but not limited to,
    - i. Practicing, engaging in, carrying on or conducting any exhibition, trade, vocation, occupation, or profession;
    - ii. Keeping, engaging in or carrying on business of any nature; offering merchandise for sale, soliciting orders, or making deliveries of any merchandise; rendering, giving, or selling services of any kind, taking orders for merchandise to be subsequently delivered by any agency or means, or accepting payments on orders for merchandise to be delivered subsequently by any agency or means, any or all of which acts or transactions are done within the City's licensing jurisdiction.
    - iii. Entering within the City's licensing jurisdiction to do business, to make sales, to make deliveries, or to do any act for which a license is require of businesses in the City;
    - iv. Storing, storing for sale or use, withdrawing from storage for sale or use, any or all of which acts or transactions are done in or from the City's licensing jurisdiction
  - b. *Business license* means an annual license duly issued by the Finance Director of the City for the privilege of doing any kind of business, trade, profession or other activity in the City.
  - c. *Business license code* means all of the provisions within this Chapter.
  - d. *Corporate limits* means the corporate limits of the City, as may, from time to time, be altered.
  - e. *Licensee* or taxpayer means the person issued the business license under this Code and the person responsible for payment of the annual business fee.
  - f. *Person* means individual, a corporation, a partnership, an association, a joint-stock company, a business trust, an unincorporated organization, or any other legal entity.

- g. *Police jurisdiction* means all adjoining territory within three (3) miles of the corporate limits of the city as may, from time to time, be altered.
- h. *Professional* means any occupation requiring advanced education and training, including, but not limited to, accountants, attorneys, architects, chiropractors, dentists, engineers, optometrists, physicians, and surgeons.
- i. *Finance Director* means the finance director of the City and any duly authorized auditor, agent, or other person designated to perform any of the duties conferred by this Code, or to enable the Finance Director to enforce the provisions of this Code.
- j. *Schedule of licenses* or schedule refers to the latest adopted schedule of licenses which describes the various business license categorizations and specifies the annual license fee and applicable tax deposits for each business license.

#### D. License terms, minimums

- 1. Full year: Every person who commences business before the first day of July shall be subject to and shall pay the annual license and any applicable tax deposits, if any, for such business in full.
- 2. Half Year: Every person who commences business on or after July 1, shall be subject to and shall pay one-half (1/2) of the annual license and one half (1/2) any applicable tax deposits, if any, for such business for the calendar year.
- 3. The amount of the license due hereunder shall not be affected or decreased by the subsequent abandonment or discontinuance of such business.
- 4. Annual renewal: The business license shall be due on January 1 of each year and shall be renewed annually on or before the thirty-first day of January of each year.
  - a. If the due date for payment of any business license falls on a weekend or a holiday recognized by the City from time to time, the due date shall automatically be extended to the next business day.
  - b. On or before December 31 of each year, a renewal reminder shall be emailed to each licensee that purchased a business license during the current year. Said renewal notice shall be mailed via regular U.S. mail to the licensee's last known address of record with the City. Licensees are required to furnish the City any address changes for their business prior to December 1 in order for them to receive their notice, and any delays attributable to licensees' failure to furnish address changes are attributable to the licensees, not to the City. The failure of the City to mail the renewal reminder shall not prevent the City from enforcing its business license laws against a taxpayer but shall preclude the City from assessing fines and penalties for late payment until a renewal reminder is mailed to the taxpayer at its last known address, as indicated in the City's records.
  - c. Business license renewal payments received by the City shall be applied to the current renewal only when any and all other debts the licensee owes to the City are first paid in full. No business license shall be issued if the current renewal payment does not meet said prior obligations and the current renewal. Failure to pay such sums shall subject the licensee and its agents to those penalties as prescribed for doing business without a license provided for in the municipal code.

#### E. Payment by Check

- 1. Whenever a business license shall be issued in return for any check, the same shall not be valid or of any force or effect unless such check shall be duly paid upon presentation to the drawee.

#### F. License Shall Be Location Specific

- 1. For each place at which any business is carried on, a separate license shall be paid, and any person desiring to engage in any business for which a license is required shall designate the place at which the business is carried on, and the license to be issued shall designate such



place, and such license shall authorize the carrying on of such business only at the place designated.

G. Licenses for Each Line of Business

1. License for each line of business. Every person engaged at one (1) location in more than one (1) line of business falling within the schedule of licenses shall take out and pay for a license for each line of business.

H. Restrictions on Transfer of License

1. No license shall be transferred except with the consent of the review committee consisting of the City Clerk or designee, City Manager or designee, and Finance Director or designee and no license shall be transferred to reflect a physical change of address of the taxpayer within the City more than once during a license year and never from one taxpayer to another. Provided that a mere change in name or ownership of a taxpayer that is a corporation, partnership, limited liability company, or other form of legal entity now or hereafter recognized by the laws of the state shall not constitute a transfer for purposes of this chapter, unless:
  - a. The change requires the taxpayer to obtain a new federal employer identification number or department of revenue taxpayer identification number.

I. License Register

1. All of the licenses due the City, of whatsoever character, shall be collected by the Finance Director; it shall also be his or her duty to keep a correct register of all such licenses. The Finance Director shall notify all delinquents of their delinquency, and upon failure of those so notified to procure their license, the Finance Director shall swear warrants against the same, or commence any other remedy permitted by law, provided, however, that failure to notify a person of said delinquency does not excuse any violation of this chapter.

J. Unlawful To Do Business Without a License

1. It shall be unlawful for any person, taxpayer, or agent of a person to taxpayer to engage in businesses or vocations in the City or its police jurisdiction for which a license is required without first having procured a license. A violation of the ordinance passed hereunder fixing a license shall be punishable by a fine not to exceed the sum of five hundred dollars (\$500.00) for each offense, and if a willful violation, by imprisonment, not to exceed six (6) months, or both, at the discretion of the court trying the same. Each day shall constitute a separate offense.

K. License Must Be Posted

1. Every license shall be posted in a conspicuous place, where said business, trade, or occupation is carried on, and the holder of the license shall immediately show same to the Finance Director upon being requested to do so.

L. Duty to File Annual Application

1. It shall be the duty of every person subject to such license to render to the City on such forms as may be required, a sworn statement showing the date timely completion of applicable building code inspections, fire marshal inspections, and statement of public safety from the Chief of Police.
2. If the City determines that the amount of business license fees, and any applicable tax deposits, reported on or remitted with any business license annual application renewal remittance form is incorrect, if no business license annual application renewal remittance form is filed within the time prescribed, or if the information provided on the form is insufficient to allow the City to determine the proper amount of business license and any tax deposits due, the City shall calculate the correct amount of the fees and any applicable tax deposits based on the most accurate and complete information reasonably obtainable and

- enter a preliminary assessment for the correct amount of business license fees and any applicable tax deposits, including any applicable penalty and interest.
3. The City shall promptly mail a copy of any preliminary assessment to the taxpayer's last known address by either first class U.S. mail or certified U.S. mail with return receipt requested or, in the sole discretion of the City, delivery the preliminary assessment to the taxpayer by personal delivery.
  4. If the amount of business license fees and any applicable tax deposits remitted by the taxpayer is undisputed by the City, or if the taxpayer consents to the amount of any deficiency or preliminary assessment in writing, the City shall enter a final assessment for the amount of the business license fees, any applicable tax deposits, plus any applicable penalty and interest.
  5. Petitions
    - a. If a taxpayer disagrees with a preliminary assessment as entered by the City, the taxpayer shall file a petition for review with the Finance Director within thirty (30) days from the date of entry of the preliminary assessment setting out the specific objections to the preliminary assessment. If a petition for review is timely filed, the Finance Director shall schedule a conference with the taxpayer for the purpose of allowing the taxpayer or its representatives and the representatives of the City to present their respective positions, discuss any omission or errors, and to attempt to agree upon any changes or modifications to their respective positions.
    - b. If a petition for review is not timely filed, and upon further review the Finance Director determines that the preliminary assessment is due to be upheld in whole or in part, the City may make the assessment final in the amount of the business license fee and any tax deposits, plus penalties and interest, as computed by the Finance Director as of the date of entry of the final assessment. The Finance Director shall, whenever practicable, complete his or her review of the taxpayer's petition for review and applicable law within ninety (90) days following the date of filing the petition or the conference, if any.
    - c. A copy of the final assessment shall promptly be mailed to the taxpayer's last known address (i) by either first class U.S. mail with return receipt requested in the case of assessments of business license fees and any applicable tax deposits of five hundred dollars (\$500.00) or less, or (ii) by certified U.S. mail with return receipt requested in the case of assessments of business license fees and any applicable tax deposits of more than five hundred dollars (\$500.00). In either case, at the option of the City, a copy of the final assessment may be delivered to the taxpayer by personal delivery. The final assessment shall include a statement informing the taxpayer of his or her right to appeal the final assessment to circuit court within thirty (30) days from the date of the entry of the final assessment. On appeal to the circuit court, the final assessment shall be prima facie correct, and the burden of proof shall be on the taxpayer to prove the assessment is incorrect.

#### M. Duty to Permit Inspection and Produce Records

1. Upon demand of the City Finance Director, it shall be the duty of all licensees to:
  - a. Permit the Finance Director or his or her designee to enter the business and to inspect all portions of his place or places of business for the purposes of enabling said City Finance Director to gain such information as may be necessary or convenient for determining the proper license classification.
  - b. To furnish information during reasonable business hours, at the licensee's place of business, in the City or the police jurisdiction, all books of account, invoices, papers, reports, and memoranda containing entries showing amount of purchases, sales receipts, inventory and other information from which the correct license classification of such person may be ascertained, including exhibition of bank deposit books, and bank statements, copies of sales tax returns, or copies of incomes tax returns.

N. Unlawful to Obstruct

It shall be unlawful for any person, or for any agent, servant or employee of such person, to fail or refuse to perform any duty imposed by this article; nor shall any person, agent, servant or employee of such person obstruct or interfere with the Finance Director, in carrying out the purpose of this article.

O. Privacy

1. It shall be unlawful for any person connected with the administration of this article to divulge any information obtained by him/ her in the course of inspection and examination of the books, papers, reports and memoranda of the taxpayer made pursuant to the provisions of this article, except to the mayor, the municipal attorney, other authorities with whom the city exchanges information under section *Exchange of Information* or similar exchanges, or others authorized by law to receive such information.
2. It shall be unlawful for any person to print, publish, or divulge, without the written permission or approval of the taxpayer, the license form of any taxpayer or any part of the license form, or any information secured in arrived at the amount of business license and any applicable tax deposits reported, for any purpose other than the proper administration of an matter administered by the City, or upon order of any court, or as otherwise allowed in this article.
3. Nothing herein shall prohibit the disclosure of the fact that a taxpayer has or has not secured a business license, or of the name and address of a taxpayer acquiring or renewing a business license from the municipality. Statistical information pertaining to taxes may be disclosed to the mayor and City Council upon their request through the City Manager's office. It shall be unlawful for any person to violate the provisions of this section.

P. Failure to File Assessment

1. In any case where a person subject to paying a license fee and any applicable tax deposit as provided herein fails to do so, the Finance Director shall be authorized to assess and determine the amount due using the best information available either by return filed or by other means and enter a preliminary assessment, which will be mailed to the taxpayer and subject to review and appeal as set forth in section *Duty to File* above.

Q. Lien for non-payment of taxes

1. On all property, both real and personal, used in the business, the City shall have a lien for such license, which lien shall attach as of the date when the license is due, as allowed by XXXX

R. Criminal Penalties

1. Any person found guilty of violating any of the provisions of this Code shall be fined in an amount of two hundred and fifty dollars (\$250.00) for the first violation within a license year, five hundred dollars (\$500.00) for the second violation within a license year, and not more than seven hundred and fifty dollars (\$750.00) for the third and any subsequent violations in the same license year. In addition, any person found guilty of three (3) or more violations may be sentenced to imprisonment for a period of not exceeding six (6) months, in the discretion of the court trying the case, and violations on separate days shall each constitute a separate offense.

S. Civil Remedies

1. In addition to the remedies provided herein, the continued or recurrent performance of any act or acts within the corporate limits or within its police jurisdiction for which a license may be revoked or suspended under Section XXXXX of this Code is hereby declared to be detrimental to the health, safety, comfort, and convenience of the public and is a nuisance. The City, as an additional or alternative remedy, may institute injunctive proceedings in a court of competent jurisdiction to abate the same.

T. Penalties and Interest

1. All licenses not paid within thirty (30) days from the date they fall due shall be increased by fifteen (15) percent for the first thirty (30) days they shall be delinquent, or fraction thereof, and shall be measured by an additional fifteen (15) percent for a delinquency of sixty (60) or more days, but this provision shall not be deemed to authorize the delay of thirty (30) days in the payment of the license due, which may be enforced at once.
2. In the case of persons who began business on or after the first day of the calendar year, the license for such new business shall be increased by fifteen (15) percent for the first thirty (30) days they shall be delinquent, or fraction thereof, and shall be measured by an additional fifteen (15) percent for a delinquency of sixty (60) or more.
3. All delinquent accounts (both license fees and any applicable tax deposits) shall also be charged simple interest at the rate of one (1) percent per month.

U. Severability

1. The sections, paragraphs, sentences, clauses and phrases of this Code are severable, and if any phrase, clause, sentence, paragraph or section of this code shall be declared unconstitutional by a court of competent jurisdiction, then such ruling shall not affect any other paragraphs and sections, since the same would have been enacted by the City Council without the incorporation of any such unconstitutional phrase, clause, sentence, paragraph or section.

V. Prosecutions Unaffected

1. The adoption of this article shall not in any manner affect any prosecution actually begun or the right to institute the prosecution of any act illegally done contrary to the provisions of any ordinance now or heretofore in existence, and every such prosecution, whether begun before or after the enactment of this article shall be governed by the law under which the offense was committed; nor shall a prosecution, or the right to prosecute, for the recovery of any penalty or the enforcement of any forfeiture be in a manner affected by the adoption of this article; nor shall any civil action or cause of action existing prior to or at the time of the adoption of this article be affected in any manner by its adoption.

W. Procedure for Denial of New Applications

1. The Finance Director shall have the authority to investigate all applications and may refer any application to the City Manager or Deputy City Manager for a determination on whether such license should issue.
2. If the City Manager or Deputy City Manager deny the issuance of any license referred to it, the City Manager shall immediately notify the City Clerk and applicant of the decision.
3. If said applicant desires to appear before a review committee to show cause why said license should be issued, he/she shall file a written notice with the City Clerk, said notice to be filed within two (2) weeks from the date of mailing by the City Clerk of the notice of denial of such license.
4. Upon receipt of said notice, the City Clerk shall promptly schedule a hearing to be held within fifteen (15) days from the date of receipt of such notice, before the City Manager or designee, Finance Director or designee, and City Clerk or designee and shall give notice of the date, time, and place of said hearing to the applicant.
5. The applicant shall be given the opportunity to appear personally, or through his counsel, or both, and the council shall proceed to hear any evidence which may be presented both for and against the issuance of said license.
6. If the review committee determines from the evidence presented that in order to either provide for the safety, preserve the health, promote the prosperity, or improve the morals, order, comfort, and convenience of the inhabitants of the City said license should not be granted, it shall enter an order to that effect; otherwise, said license shall be ordered issued upon payment of any required license fees and applicable tax deposits.

X. Revocation, Suspension, or Nonrenewal of a License, and Procedure for Same

1. Any lawful license issued to any person to conduct any business shall be subject to revocation or suspension by the City Clerk for the violation by the licensee, his agent, servant, or employee, of an provision of this Code or of any ordinance of the City, or any statute of the State relating to the business for which such license is used; and shall also be subject to revocation or suspension by the City Clerk if the licensee, his agent, servant, or employee, under color of such license violates or aids or abets in violating or knowingly permits or suffers to be violated any penal ordinance of the City or any criminal law case of the state; and shall also be subject to revocation or suspension by the City Clerk if, in connection with the issuance or renewal of any license, the licensee or his agent filed or caused to be filed any application, affidavit, statement, certificate, book, or any other data containing any false, deceptive, or other misleading information or omission of material fact.
2. The condition hereinabove set forth as grounds for the revocation or suspension of a license shall also constitute grounds for refusing to renew a license.
3. The City Clerk shall set a time for hearing on the matter of revoking, suspending, or refusing to renew a license; and notice of such hearing shall be given to the licensee or the applicant for renewal, as the case may be, at least ten (10) days before the day set for said hearing. At the hearing, three (3) members of City representatives must be present: the Finance Director or designee; the City Manager or designee; and the City Clerk or designee. At the hearing the City Clerk shall hear all evidence offered by any party and all evidence that may be presented bearing upon the question of revocation, suspension, or the refusal of renewal, as the case may be.
  - a. Following the hearing contemplated by paragraph three (3) of this section, the Clerk may suspend the license or a period of no more than twelve (12) months, any may condition reinstatement upon the licensee's compliance with applicable state laws or regulations or City ordinances. A suspension not exceeding six (6) months may be imposed in cases where the licensee's violation is shown to be inadvertent and can be promptly corrected.
  - b. No new license shall be issued to the licensee, or to any other firm in which the licensee or any of its stockholders or owners is interested, for any premise during the term of such suspension. At the end of such period of suspension, the licensee may apply for a new license or for reinstatement, as the case may be.
  - c. If, following the hearing contemplated by paragraph three (3) of this section, the City Clerk revokes the license, then no new license shall be issued to the licensee, or to any other firm in which the licensee or any of its stockholders or owners is interested, for a period of twelve (12) months.
  - d. No new license shall be issued for a period of twelve (12) months for the operation or conduct of any business that is the same, or of similar nature, as that engaged in by the licensee at the premises or location at which the licensee conducted such business if the revocation or non-renewal of the license is based, in whole or in part, on:
    - (1) A finding that the operation of such business at such premises or location has led to or resulted in the creation of a nuisance; or
    - (2) A finding that the operation of such business at such premises or location has created, caused or led to circumstances that are detrimental to adjacent residential neighborhoods; or
    - (3) A finding that the operation of such business at such premises or location has created, caused or led to circumstances that are detrimental to the public health, safety, or welfare; or
    - (4) A finding that the operation of such business at such premises or location has resulted in a violation of applicable zoning restrictions or regulations; or
    - (5) A finding that a licensee, his agent, servant, or employee has permitted or suffered to allow habitual conduct which violates applicable state laws or regulations or City ordinances relating to the business for which such license was issued.

Y. Exemptions

1. None. See Schedule of Licenses for further details.

Z. Exchange of Information

1. The Finance Director may exchange tax returns, information, records, and other documents secured by the City, with other cities adopting similar ordinances for the exchange of taxpayer information, or with other state and municipality authorities. The Finance Director may charge a reasonable fee for providing such information or documents. Any tax returns, information, records, or other documents so exchanged shall remain the subject of the confidentiality provisions, restrictions, and criminal penalties for unauthorized disclosure as provided under state or municipal law.
2. Any such exchange shall be for one or more of the following purposes:
  - a. Collecting taxes due
  - b. Ascertaining the amount of taxes due from any person
  - c. Determining whether a person is liable for, or whether there is probable cause for believing a person might be liable for, the payment of any taxes due.
3. Nothing herein shall prohibit the use of tax returns or tax information by the City in the proper administration of any matter administered by the Finance Director.

AA. Waiver of Penalty

1. Notwithstanding the foregoing, no fine or penalty under this section shall be assessed, or if assessed, shall be waived, if reasonable cause exists. Reasonable Cause shall mean: the death or major illness of or an accident involving a sole proprietor causing serious bodily injury that in either case resulted in the sole proprietor being unable to acquire or renew the license or operate his or her business during the ten (10) days preceding the due date for the license; natural disaster, fire, explosion, or accident that caused the closing or temporary cessation of the business of the taxpayer during the ten (10) days preceding the due date for the license; or reasonable reliance on the erroneous written advice of an employee or agent of the City's Finance Department given in good faith while acting in his or her official capacity in response to a specific written request of the taxpayer or its representative provided the penalty did not result from the taxpayer's or its representative's failure to provide complete and accurate information or from a change in law or a new judicial interpretation of an existing law. Written advice or requests includes those transmitted by electronic mail.

BB. Refunds on Overpayments

1. Any taxpayer may file a petition for refund with the City for any overpayment of business license fees and tax deposits erroneously paid to the City. If a final assessment for the annual business license and any tax deposits has been entered by the City, a petition for refund for all or a portion of the final assessment may be filed only if the final assessment has been paid in full prior to or simultaneously with the filing of the petition for refund.
2. A petition for refund shall be filed with the City within one (1) year from the date of payment of the business license fees, which is the subject of petition.
3. The City shall either grant or deny a petition for refund within six (6) months from the date the petition is filed, unless the period is extended by written agreement of the taxpayer and the City. The taxpayer shall be notified of the City's decision concerning the petition for refund by first class U.S. mail or by certified U.S. mail, return receipt requested, sent to the taxpayer's last known address. If the City fails to grant a full refund within the time provided herein, the refund petition shall be deemed to be denied.
4. If the petition is granted or the city otherwise determines that a refund is due, the overpayment shall be promptly refunded to the taxpayer. If the City determines that a refund is due, the amount of overpayment plus any interest due thereon may first be credited by the City against any outstanding tax liabilities due and owing by the taxpayer to the City, and the balance of any overpayment shall be promptly refunded to the taxpayer. If any refund or part

thereof is credited to any other tax by the City, the taxpayer shall be provided with a written detailed statement showing the amount of overpayment, the amount credited for payment to other taxes, and the resulting amount of the refund.

III. Schedule of Licenses and Fees

- A. The Schedule of Licenses and Fees is based on the NAICS code specification from the State of Alaska Department of Commerce.
- B. The Business License fee and Tax Deposit required are based on the first two-digit NAICS Code.
- C. The City Schedule of Business License Fees and Tax Deposits is as follows:

NAICS 2-Digit Code	Description	License Fee	Tax Deposit
11	Agriculture, Forestry, Fish and Hunting	\$50	\$0
21	Mining, Quarrying, and Oil and Gas Extraction Totals	\$50	\$0
22	Utilities Totals	\$50	\$0
23	Construction Totals	\$50	\$0
31	Manufacturing Totals	\$50	\$0
42	Wholesale/Retail Totals	\$50	\$0
45	Wholesale / Retail Totals	\$50	\$0
	Peddlers:	\$50	\$0
	Selling Own Inventory	\$50	\$75.00
	Residents	\$50	\$75.00
	Per month	\$50	\$15.00
	Additional consecutive months	\$50	\$10.00
	Transient - each peddler who, on intrastate business business, canvasses or takes orders for, or sells on the streets, or from house to house, or from rooming house, hotel, or office, or from temporary racks in stores owned by others, when such pursuit is not in conflict with any other clause in this article.	\$50	\$75
	(a) the practice of going in and upon private residences n the city, by unlicensed solicitors, peddlers, hawkers, transient merchants and transient vendors of merchance, not having been requested or invited to do so by the owner or owners, occupants of said private residences, for the purpose of soliciting orders for the sale of goods, wares, and merchandise, and/or peddling or hawking the same is hereby delcared to be a nuisance, and punishable as such nuisance as a midemeanor. Compliance with this regulation must be cleared with the Chief of Police.		
	Peddlers not otherwise specified	\$50	\$75
48	Transportation and Warehousing Totals	\$50	\$0
51	Information Totals	\$50	\$0
52	Finance and Insurance Totals	\$50	\$0
53	Real Estate and Rental and Leasing Totals	\$50	\$0
54	Professional, Scientific, and Technical Services Totals	\$50	\$0
55	Management of Companies and Enterprises Totals	\$50	\$0
56	Administrative and Support and Waste Management and Remediation Services Totals	\$50	\$0
61	Educational Services Totals	\$50	\$0
62	Health Care and Social Assistance Totals	\$50	\$0
71	Arts, Entertainment, and Recreation Totals	\$50	\$0
72	Accommodation and Food Services Totals	\$50	\$0
81	Other Services (except Public Administration) Totals	\$50	\$0
92	Public Administration	\$50	\$0

D.

IV.

## 2017 Business License Application

**Expiration Date: 12/31/2017**

**Fee: \$50**

City of Kodiak, Finance Department  
 710 Mill Bay Road, Kodiak, AK 99615  
 Phone: 907.486.8655 Fax: 907.486.8600  
 Email: Salestax@city.kodiak.ak.us

Application:	New Business	Date Business Started:	
	Renewal		

### SECTION 1: OWNERSHIP TYPE (Select One)

Individual / Sole Proprietor	Partnership (LLP Agreements Required)
Limited Liability Corporation (LLC) (State Documents Required)	
Nonprofit (IRS 501C Documents Required)	Corporation (State Documents Required)
Church or Religious Organization (State Certificate Required)	

### SECTION 2: BUSINESS CONTACT AND LOCATION INFORMATION

Business Name	DBA			
Business Mailing Address (P.O. Box or Street Address)	City	State		
Zip Code	Business Phone	Cell Phone	Other Phone	Fax
Business Contact - Name		Business Email		
Business Physical Address (No P.O. Boxes)			City	
State	Zip Code	Federal ID or SSN		
Business Location is:	Inside City Limits Outside City Limits If Outside City limits, is your business:			
	Coming into the City to provide services / sell products A mobile operation A temporary vendor located at: <span style="float: right; border-bottom: 1px solid black; width: 150px;"></span>			



**SECTION 3: BUSINESS DESCRIPTION AND LICENSING**

Briefly describe business conducted: \_\_\_\_\_ State SIC Code: \_\_\_\_\_

Other Business Licenses and IDs:

State of Alaska Number: \_\_\_\_\_ Expiration Date: \_\_\_\_\_

Other License Numbers: \_\_\_\_\_ Expiration Date: \_\_\_\_\_

**SECTION 4: SALES TAX INFORMATION**

Sales Tax Registration Packet Received: \_\_\_\_\_ (City Staff Initials)

Sales Tax Registration Packet Mailed: \_\_\_\_\_ Date Mailed \_\_\_\_\_

**SECTION 5: CHANGE IN OWNERSHIP**

Previous Owner Name \_\_\_\_\_ Previous Owner Address \_\_\_\_\_

**Note: A purchaser / successor of an ongoing business may be held liable for unpaid sales tax obligations of the previous owner of the assumed business. See KCC Chapter 3.08.**

**SECTION 6: OWNER / REGISTERED AGENT INFORMATION**

**Note:** All owners and registered agents should be listed separately below. If more than three (3) partners, attach additional second page as necessary.

	Name - Last, First, MI		Drivers License		DOB
	Address				Social Security #
<b>1</b>					
	City	State		Zip Code	Phone
	Name - Last, First, MI		Drivers License		DOB
<b>2</b>	Address				Social Security #
	City	State		Zip Code	Phone
	Name - Last, First, MI		Drivers License		DOB
<b>3</b>	Address				Social Security #
	City	State		Zip Code	Phone

**SECTION 7: FEES AND CERTIFICATION**

The application fee for a City of Kodiak business license is \$50 to be paid upon submitting application. Any applicable tax deposits are also due upon application. Operating, conducting, or carrying on a trade business or profession within the City limits of Kodiak without a license is a violation of KCC XXXXX. The code provides for fines up to \$600 per offense and up to 6 months of jail per offense. The code defines each day in violate as a separate offense. This license shall not be taken as permission to do business in the State of Alaska without having complied with the requirements of the laws of the State of Alaska or the United States. Some activities require a professional license or other federal, state, or local permits.

**I DECLARE, UNDER PENALTY OF PERJURY, THAT THE APPLICATION IS TRUE AND COMPLETE. I ACCEPT THE LICENSE AUTHORIZED AND ISSUED IN RESPONSE TO THE APPLICATION WITH THE CONDITION THAT I REPORT TIMELY AND PAY ANY AND ALL TAXES DUE BY THE BUSINESS TO THE CITY OF KODIAK. BY SIGNING THIS APPLICATION, I AM PROVIDING A PERSONAL GUARANTEE FOR ANY DELINQUENT TAXES OWED BY THE PARTNERSHIP, CORPORATION, OR LIMITED LIABILITY CORPORATION.**

Partnerships require the signatures of ALL partners listed on the application. Sole proprietors, corporations, and limited liability corporations require the signature of at least one owner, officer, or registered agent.

Print Name	Signature	Title	Date
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Print Name	Signature	Title	Date
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Print Name	Signature	Title	Date
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**Office Use ONLY**

Finance Department: Reviewed By:

Sales Tax Owed:	Utilities Owed:	Other Amounts Due:
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Payment Method:	Cash	Check
-----------------	------	-------

Application Fee Paid:	Sales Tax Deposit:
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Approvals:

Finance Director:	Fire Marshal:	Police Chief:
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## FIRE DEPARTMENT QUESTIONNAIRE

The purpose of this questionnaire is to ensure accurate information is provided in case of emergency. Please fill out this form as completely as possible. Please contact the Fire Department at 907-486-8040 if you need any assistance to complete this form. Let us know immediately if any of this information changes so that we may update our records. Thank you for your assistance.

**Please provide a separate listing of any specialized information that would be beneficial to the Kodiak Fire Department.**

### Business Information

Business Name	Phone	Fax
Address (Physical Location)	City / State / Zip Code	

### Emergency Contact Information

<b>Primary Contact</b>	Name	Phone
Address	City / State / Zip Code	Cell Phone
<b>Secondary Contact</b>	Name	Phone
Address	City / State / Zip Code	Cell Phone

### Fire Protection Systems Present and Working

Battery Powered Smoke Detectors	110v Smoke Detectors
Sprinkler System	Standpipe
Fire Suppression System	Other

### Hazards Specific to Business

Mixed Commercial / residential occupancy	Firearms, ammunition, explosives, etc.
Activities in which injuries are likely to occur	Please indicate separately the type / amount of each
Confined space activities likely	Hazardous Materials stored on premises
Special rescue situations that might occur	Please include a copy of MSDS for each
	Equipment generating heat, sparks / flame
	Please list separately

### Type of Building Construction

Standard Wood Frame - Protected	
Standard Wood Frame - Unprotected	
Fire Resistive	
Ordinary Construction	
Non-combustible	
Light Weight	
Heavy Timber	

# BUSINESS LICENSE

City of Kodiak  
Kodiak, Alaska

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IN ACCORDANCE WITH THE PROVISIONS OF THE CITY OF KODIAK MUNICIPAL CODE XXXX.XX, AS AMENDED, LICENSE IS HEREBY GRANTED TO OPERATE THE BUSINESS REFERENCED BELOW.

LICENSE #: 2017-A11204

DATE OF ISSUE: 01/06/2016

EXPIRATION DATE: 12/31/2016

TYPE OF LICENSE: PA50-PROFESSIONAL SERVICES  
ACCOUNTING SERVICES

BUSINESS LOCATION: 110 MISSION ROAD, KODIAK, AK 99615

ISSUED TO:

BOOKKEEPING FOR YOU  
110 MISSION ROAD  
KODIAK, AK 99615

CITY OF KODIAK

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CITY CLERK

*Failure to maintain an active license renders this business license invalid.  
Post in a conspicuous place.*