



THE LAKE AND PENINSULA BOROUGH



The Lake and Peninsula Borough is considering changes to the Borough Tax Code, the first since 2006. Even though we have reduced payroll by 25%, and the General Fund budget by 15%, we are forced to do this to make up for declining State funding and the rising cost of goods and services that have increased our administrative costs. Our budget is currently in deficit and we are using our reserves to meet our obligations.

As a stakeholder, the Borough Assembly would like your feedback on these proposed changes. To make an informed comment, you need to know:

HOW MUCH WILL THIS INCREASE TAXES?

- We estimate when fully implemented that this will raise an additional \$100,000 per year.

WHY RAISE THESE TAXES?

- Bed tax and guide use taxes are designated by Borough Code, to be paid by the guest or client, not by the operator, who forwards the collected tax on to the Borough. We chose to amend these taxes because unlike the Borough's other tax on raw fish, that tax is paid by the fisherman reducing his income.

HOW DOES THE BOROUGH USE ITS TAX REVENUE?

- **Education – \$1,500,000 Annually**
 - A school is the anchor for a village, providing local employment, and a social focus. The Borough is justly proud of our schools, which are performing as well or better than some school in Anchorage and have some of the highest attendance and graduation rates in the State.
- **Energy - \$8.3 Million since 2009**
 - The Borough has used \$3.9 million of its own funds to leverage \$10 million in state and Federal grants to build:
 - Alternative energy generation, wind, hydro, and bio mass electric generation.
 - \$2 million is energy efficiency upgrades to school facilities
 - Wind feasibility studies for 10 villages
- **Transportation - \$7.4 Million since 2009**
 - Barge landings for 3 lake district villages
 - Ferry capable dock and small boat harbor in Chignik
 - Road improvement projects in 12 villages
- **\$29.9 million in other spending since 2009**
 - \$26 million in bonded school construction
 - Water and sewer projects, emergency management planning, erosion control, village infrastructure for fire, health, and safety.

WHAT WILL CHANGE?

- The \$25 annual license fee will no longer be applied to tax remittance due.
- The valuation of lodging as part of a package is raised from \$100/night to \$225/night.
- The \$750 maximum tax for guides is eliminated.

WHAT WON'T CHANGE?

- ❖ The **bed tax percentage of 6% has not changed**. If you have a published room rate, your tax rate remains the same. If you do have a published room rate, you need to send a copy of your rate sheet to the Borough Finance Office.
- ❖ The **daily guide use rate** of \$3/day for non-package guided clients and \$1/day for lodging/guide packages **remains the same**.
- ❖ You as the operator collect the tax from you guest. **The tax is paid by the guest, not you**.
- ❖ You must list the tax on your billing/folio as a separate line item. The tax **cannot** be part of an all-inclusive price.