

1<sup>st</sup> Reading: July 9, 2018  
2<sup>nd</sup> Reading: July 23, 2018

Presented By:  
Councilman Andersen

Action Taken:  
Yes 6  
No 8  
Abstain 8

## CITY OF NOME, ALASKA

### ORDINANCE NO. O-18-07-01

#### AN ORDINANCE AMENDING CHAPTER 17.30 OF THE NOME CODE OF ORDINANCES TO INCREASE THE HOTEL/MOTEL ROOM TAX FROM SIX PERCENT (6%) TO TEN PERCENT (10%)

WHEREAS, at the October 1993 regular municipal election, the Nome voters approved an initiative which created a four percent (4%) hotel/motel tax effective January 1, 1994; and,

WHEREAS, at the October 2008 regular municipal election, the Nome voters approved an initiative which increased that hotel/motel tax to six percent (6%); and

WHEREAS, the Nome City Council has determined that an increase in bed tax revenue could alleviate the tax burden being placed on Nome's citizens by shifting some of that burden to Nome's tourists.

NOW, THEREFORE, IT IS HEREBY ORDAINED by the Nome Common Council as follows:

#### SECTION 1. Classification

This is a Code ordinance.

#### SECTION 2. Amendment of Chapter 17.30

Section 17.30.010 of the Code of Ordinances of Nome, Alaska is hereby amended to read as follows (deletions are ~~struck through~~ and new language is underlined):

##### 17.30.010 Tax Levy.

There shall be levied and imposed upon the use and privilege of renting a hotel or motel room located within the city a tax on the daily rate charged for each such hotel and motel room rented for each twenty-four-hour period or any portion thereof. The tax shall be equal to six ~~ten~~ percent of such daily rate; provided, however, that the tax shall not be levied and imposed upon the rental or lease of a hotel or motel room for a period in excess of twenty-seven days. The tax levied by this section is in addition to the tax levied by Chapter 17.10.

#### SECTION 3. Authorization for Election

The City of Nome shall conduct an election on the question of whether there should be a permanent increase in the hotel/motel room tax rate at the general election on October 2, 2018 and place before the qualified voters a proposition for approval or rejection. The City



Clerk is directed to take all action necessary to arrange for this election. The proposition must be approved by a majority of those qualified voters actually voting on the question. The proposition shall be presented substantially in the following form:

**PROPOSITION NO. 1**

**SHOULD THE CITY OF NOME INCREASE THE HOTEL/MOTEL ROOM TAX FROM 6% TO 10%?**

The City of Nome currently imposes a 6% tax, in addition to the tax levied by NCO Chapter 17.10, upon the use and privilege of renting a hotel or motel room. Should this rate be increased to 10%?

**The proposition shall be printed on a ballot and the following words shall be added as appropriate and next to a square or space provided for marking the ballot:**


**PROPOSITION NO. 1**

Yes ☐  
No ☐

**SECTION 4. Effective Date**

Section 2 of this ordinance shall become effective on January 1, 2019, pending prior ratification by a majority of voters of the City of Nome voting on the question at the regular municipal election of October 2, 2018. The remaining sections shall be effective upon adoption.

**APPROVED and SIGNED** the 23<sup>rd</sup> day of July, 2018.

  
\_\_\_\_\_  
RICHARD BENEVILLE,  
Mayor

**ATTEST:**

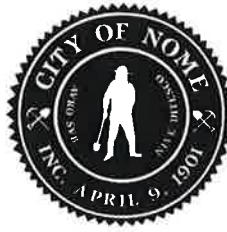
  
\_\_\_\_\_  
BRYANT HAMMOND,  
Clerk



**Mayor**  
Richard Beneville

**Manager**  
Tom Moran

**Clerk**  
Bryant Hammond



**Nome Common Council**  
Stan Andersen  
Jerald Brown  
Doug Johnson  
Mark Johnson  
Adam Martinson  
Lew Tobin

102 Division St. • P.O. Box 281  
Nome, Alaska 99762  
(907) 443-6663  
Fax (907) 443-5349

## MEMORANDUM

**Date:** July 6, 2018  
**To:** Mayor Beneville & Nome Common Council Members  
**Through:** Tom Moran, City Manager  
**From:** Julie Liew, Finance Director  
**Subject:** Taxes in other municipalities in Alaska

At the recent Council meeting, Councilman Mark Johnson had requested for information on vehicle and bed tax rates for other municipalities in Alaska. The information is provided in the table below.

City	Sales Tax	Alcohol Tax	Tobacco Wholesale Tax	Tobacco Retail Tax	Bed Tax	Car Rental Tax	Notes
Anchorage	0%	0%	55%	115.30%	12%	8%	
Cordova	6%	0%	0%	0%	6%	6%	
Haines	5.50%	0%	0%	0%	4%	0%	
Kodiak	7%	0%	0%	0%	5%	0%	
Seward	7%	0%	0%	0%	4%	0%	
Mat-Su Borough	0%	0%	55%	110 mills	5%	0%	
Barrow	0%	3%	12%	1.00/pack	5%	0%	
Kotzebue	6%	6%	0%	0%	6%	0%	
Valdez	0%	0%	0%	0%	6%	0%	
Dillingham	6%	10%	0%	0%	10%	0%	
Homer	7.5%						
Juneau	5%						
Wasilla	3%				0%		
Bethel	6%	15%			12%		
Palmer	3%				0%		
Kenai	6%						
Soldotna	6%						
State of Alaska	0%		75%	0.76/pack	0%	10%	Passenger vehicle
						3%	Recreational vehicle

### Vehicle rentals

At the last Council meeting, Councilman Jerald Brown had commented that the FY2018 YTD numbers were lower than FY2017. The taxable sales information is based on what was reported in the sales tax returns. The reason why the FY2018 YTD numbers were less than FY2017 full year numbers was that one of the businesses did not file sales tax returns for 4 months in FY2018.

As a recap, the number of registered businesses providing rentals (both recreational and passenger vehicles) has grown from 3 to 7 over the past 5 years.

FY2013 - 3 businesses filed sales tax

FY2014 - 4 businesses filed sales tax

FY2015 - 6 businesses filed sales tax

FY2016 - 7 businesses filed sales tax

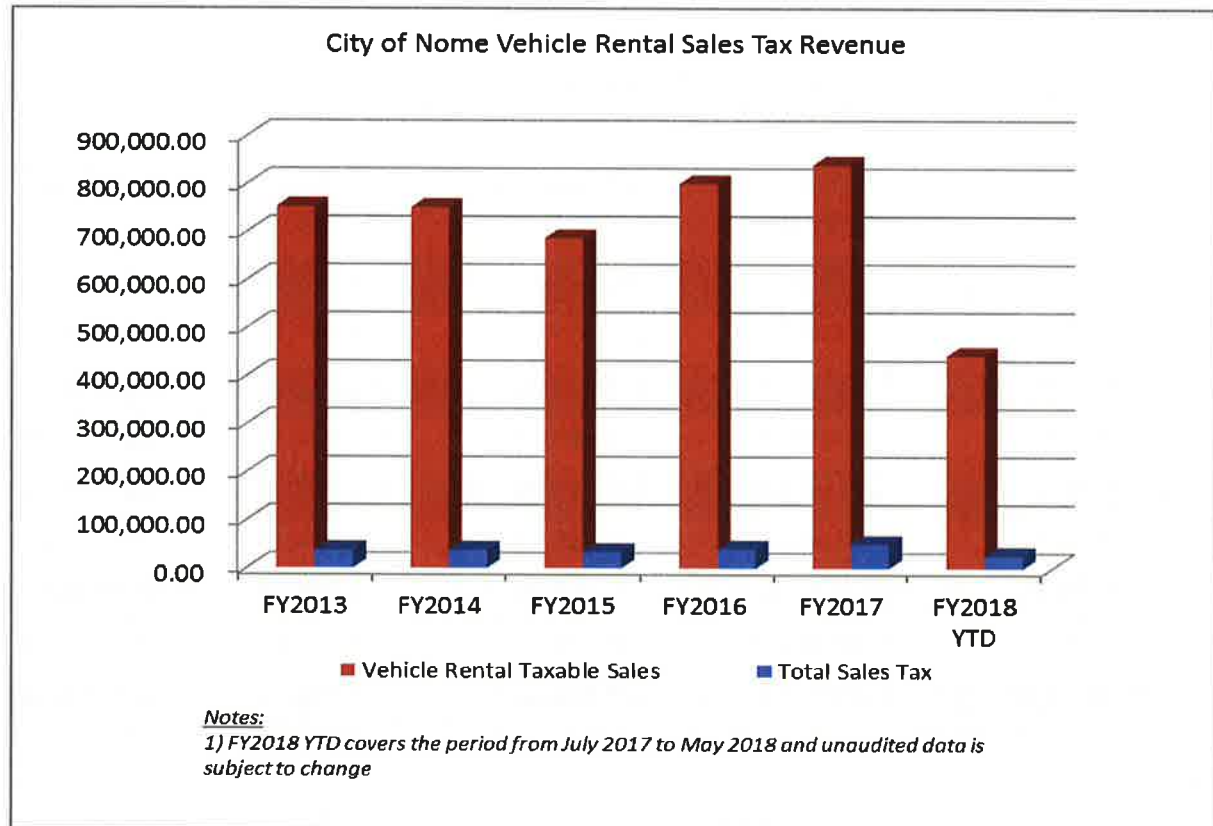
FY2017 - 7 businesses, out of which 6 filed sales tax

FY2018 - 3 businesses did not renew license; 4 businesses filed sales tax

The following table illustrates the vehicle rental taxable sales and the total sales tax reported between FY2013 to FY2018 YTD (July 2017 to May 2018) for your reference.

	Vehicle Rental Taxable Sales	5% Sales Tax	7% Sales Tax	Total Sales Tax
<b>FY2013</b>	752,753.50	37,637.68		37,637.68
<b>FY2014</b>	751,239.18	37,561.96		37,561.96
<b>FY2015</b>	686,936.64	34,346.83		34,346.83
<b>FY2016</b>	800,453.49	40,022.67		40,022.67
<b>FY2017</b>	839,916.10	37,757.15	12,654.32	50,411.47
<b>FY2018 YTD</b>	436,400.71	10,762.77	15,452.18	26,214.94

Chart 1 below illustrates the vehicle rental taxable sales and the total sales tax reported between FY2013 to FY2018 YTD (July 2017 to May 2018) for your reference. For FY2018 YTD, there is a business



### Hotel/Motel (Bed) Tax

There had been 31 registered businesses during this period, out of which 16 did not renew their business license and 15 remain registered in FY2018. Out of the 15 registered businesses, 12 have filed hotel/motel and sales taxes in FY2018 YTD.

The following table illustrates the hotel/motel taxable sales, the total sales tax and the total hotel/motel tax reported between FY2010 to FY2018 YTD (July 2017 to May 2018) for your reference.

	<b>Hotel/Motel Taxable Sales</b>	<b>Total Sales Tax</b>	<b>Total Hotel/Motel Tax</b>	<b>Total Tax</b>
<b>FY2010</b>	<b>2,109,575.50</b>	<b>105,478.78</b>	<b>126,574.53</b>	<b>232,053.31</b>
<b>FY2011</b>	<b>2,357,952.17</b>	<b>117,897.61</b>	<b>141,477.13</b>	<b>259,374.74</b>
<b>FY2012</b>	<b>2,390,283.50</b>	<b>119,514.18</b>	<b>143,417.01</b>	<b>262,931.19</b>
<b>FY2013</b>	<b>2,631,890.83</b>	<b>131,594.54</b>	<b>157,913.45</b>	<b>289,507.99</b>
<b>FY2014</b>	<b>2,421,679.17</b>	<b>121,083.96</b>	<b>145,300.75</b>	<b>266,384.71</b>
<b>FY2015</b>	<b>2,113,902.33</b>	<b>105,695.12</b>	<b>126,834.14</b>	<b>232,529.26</b>
<b>FY2016</b>	<b>2,533,278.00</b>	<b>126,663.90</b>	<b>151,996.68</b>	<b>278,660.58</b>
<b>FY2017</b>	<b>2,490,013.67</b>	<b>135,285.91</b>	<b>149,400.82</b>	<b>284,686.73</b>
<b>FY2018 YTD</b>	<b>2,276,188.67</b>	<b>128,706.92</b>	<b>136,571.32</b>	<b>265,278.24</b>

#### Notes:

- 1) FY2018 YTD data is preliminary and unaudited. Data provided is as of June 21, 2018 and is subject to change.
- 2) Bed tax is 6%; sales tax is 5%. FY2017 and FY2018 YTD sales tax include 5% tax from September to April and 7% from May to August.



Chart 2 below illustrates the hotel/motel taxable sales and the total hotel/motel tax of 6% reported between FY2010 to FY2018 YTD (July 2017 to May 2018) for your reference. See Notes below.

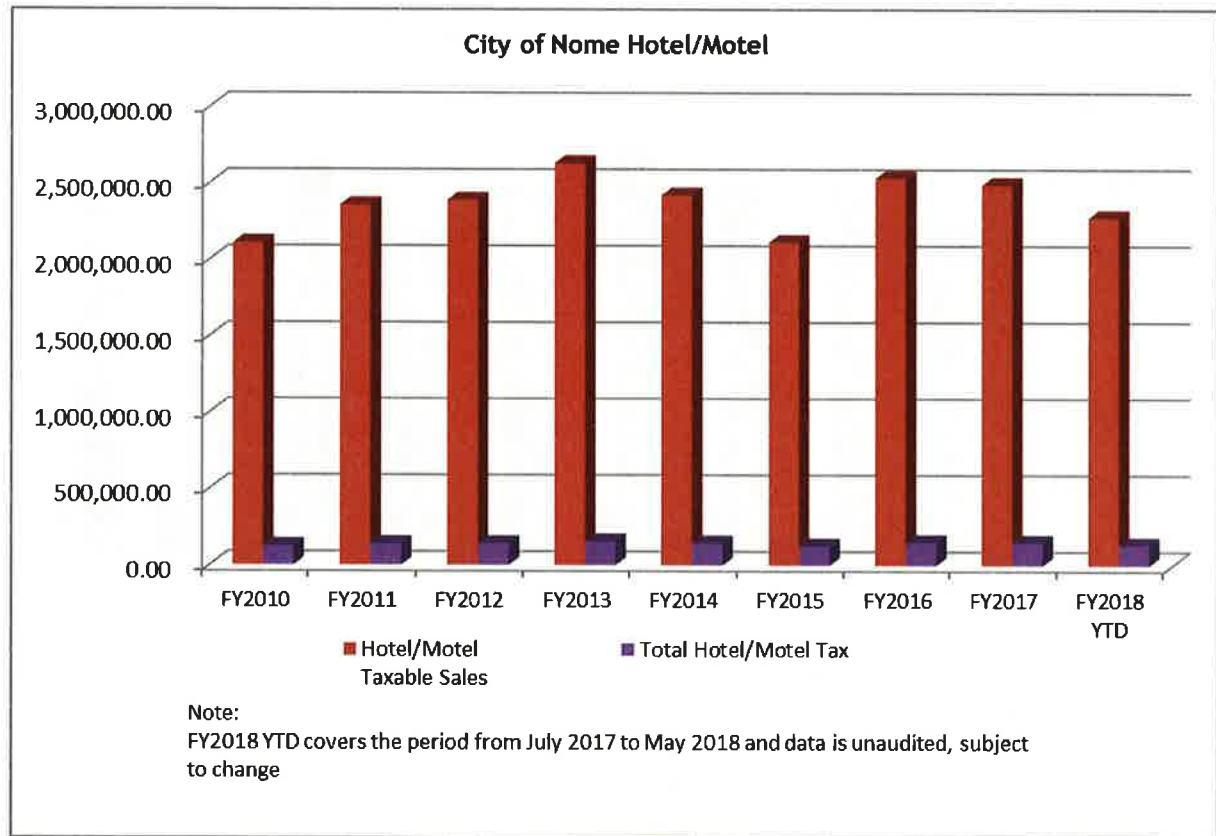
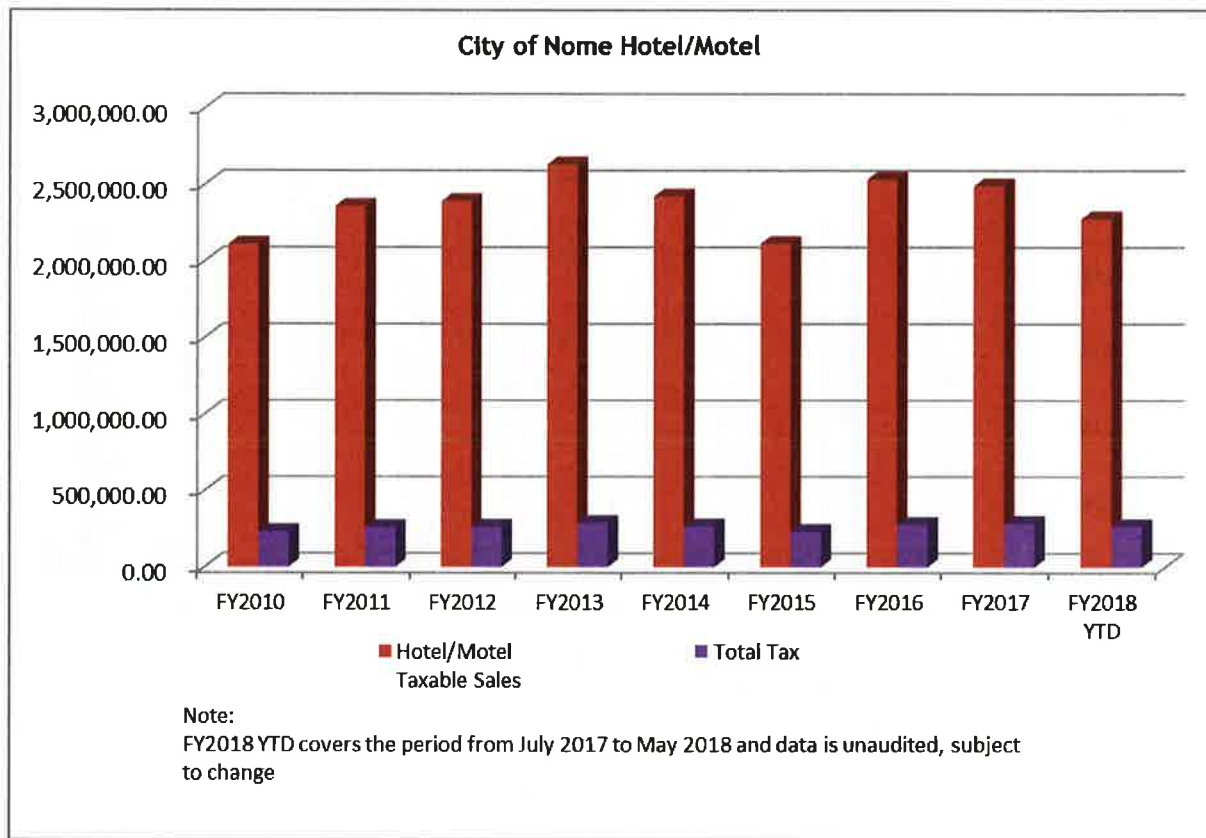


Chart 3 below illustrates the hotel/motel taxable sales and the total combined tax reported between FY2010 to FY2018 YTD (July 2017 to May 2018) for your reference.



**Notes:**

- 1) FY2010 to FY2016 - bed tax is 6% and sales tax is 5%; total tax is 11%
- 2) FY2017 - July 2016 to April 2017 - bed tax is 6% and sales tax is 5%; total tax is 11%
- 3) FY2017 - May 2017 to June 2017 - bed tax is 6% and sales tax is 7%; total tax is 13%
- 4) FY2018 YTD - July 2017 to August 2017 - bed tax is 6% and sales tax is 7%; total tax is 13%
- 5) FY2018 YTD - September 2017 to April 2018 - bed tax is 6% and sales tax is 5%; total tax is 11%
- 6) FY2018 YTD - May 2018 - bed tax is 6% and sales tax is 7%; total tax is 13%