

**PETERSBURG BOROUGH
ORDINANCE #2024-07**

**AN ORDINANCE AMENDING SECTION 4.33.030 OF CHAPTER 4.33,
TRANSIENT ROOM TAX, OF THE PETERSBURG MUNICIPAL CODE, TO
INCREASE THE TRANSIENT ROOM TAX RATE FROM FOUR PERCENT
(4%) TO SEVEN PERCENT (7%), AND DIRECTING THAT THE
AMENDMENT BE SUBMITTED TO THE QUALIFIED VOTERS OF THE
BOROUGH FOR RATIFICATION**

WHEREAS, the borough levies a tax on the transient rental of hotel rooms, defined as a person staying in a hotel, motel or other lodging for fewer than 30 days; and

WHEREAS, the funds generated by this tax, in the amount of \$71,000 for FY23, are used for tourism-related services within the Borough, including tourism related marketing and support of borough infrastructure supporting tourism; and

WHEREAS, the current transient room tax rate of four percent (4%) was established in 1997, and has not been increased in the last 27 years; and

WHEREAS, the Petersburg Borough currently has one of the lowest transient room tax rates in Alaska; and

WHEREAS, based upon Alaska Taxable 2023, published by the State of Alaska's Office of the State Assessor, of the 45 municipalities that impose a transient occupancy tax on a percentage basis, only 5 other municipalities have a bed tax rate of 4% or less, and the average tax rate is in excess of 7%; and

WHEREAS, for example, in the Southeast communities of Sitka, Wrangell, City of Ketchikan, Skagway, and Juneau, the transient occupancy tax rates are 6%, 6%, 7%, 8% and 9% respectively; and

WHEREAS, increasing the transient room tax rate for the borough to 7% will generate approximately \$53,000 in additional funds to support borough infrastructure and expenses related to the tourism-related sector of the borough economy; and

WHEREAS, under the provisions of Borough Charter Section 12.02(B), the increase in the transient room rate requires ratification by the voters.

THEREFORE, THE PETERSBURG BOROUGH ORDAINS, Section 4.33.030, paragraph A, of the Petersburg Municipal Code is hereby amended as follows.

Section 1. Classification: This ordinance is of a general and permanent nature and shall be codified in the Petersburg Municipal Code.

Section 2. Purpose: The purpose of this ordinance is to increase the Transient Room Tax Rate from four percent (4%) to seven percent (7%), subject to voter ratification.

Section 3. Substantive Provisions:

Section 4.33.030, paragraph A, is hereby amended to read as follows (the language proposed for addition is in **bold and underlined**, and the language proposed for deletion is ~~struck through~~):

4.33.030 Rate.

A. The rate of the transient room tax is established at **seven** ~~four~~ percent of the room rent.

Section 4. Submittal to voters.

A. In accordance with subsection 12.02(B) of the Borough Charter, the Borough Clerk shall submit the proposed Transient Room Tax Rate increase set out in Section 3 to the voters of the borough at the next regular election to be held on October 1, 2024.

B. The proposition to be submitted to the voters shall read substantially as follows:

Proposition #___

Increasing the Transient Room Tax Rate to Seven Percent (7%)

The borough currently levies a four percent (4%) tax on transient hotel room rentals, defined as a person staying in a hotel, motel or other lodging for fewer than 30 days. This rate has been in place since October of 1997. Under the borough code (PMC 4.33.060), these tax revenues are used for visitor-related marketing and support of visitor-related borough infrastructure and services. This proposition, if approved by the voters, would increase the transient room tax rate to seven percent (7%) and is projected to generate an additional \$53,000 in borough tax revenue.

Shall the borough increase the transient room tax rate to seven percent (7%)?

YES

NO

Section 5. Severability: If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person and circumstance shall not be affected.

Section 6. Effective Date: This ordinance shall be effective upon adoption. The proposed code amendment set forth herein, if approved by the voters, shall become effective January 1, 2025.

PASSED AND APPROVED by the Petersburg Borough Assembly, Petersburg, Alaska this _____ day of _____, 2024.

Mark Jensen, Mayor

ATTEST:

Debra K. Thompson, Borough Clerk

Adopted:
Published:
Effective: Ordinance effective upon adoption. Code Amendment, if approved by voters, effective 1/1/2025.