

City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

April 25, 2006

Lisa Brendle, member
Sitka Long Range Tourism Planning Commission

RE: Sales tax questions from Tourism Planning Commission

1. What does the city need to do in order to collect property tax from ALL businesses, including seasonal?
Have the Assembly amend Sitka's General Code.
2. What is the cost of current visitor operations to the COS?
Need definition of visitor operations.
3. What infrastructure r/t tourism is maintained by tax \$?
Need clarification of question.
4. Known fees and taxes on visitors in Sitka.
Lightering Fees – in 2005, \$500 per boat per day, in 2006, \$660 per boat per day.
This is on the cruise line industry, not directly on the visitors.
Sales Tax – 5% for 1st and 4th calendar qtrs and 6% for 2nd and 3rd qtrs
Bed Tax – 6% on lodging for less than 30 days
5. What and how much is the SEASONAL BUSINESS contribution to tax base in \$\$?
Need to ask seasonal businesses if they wish to provide sales and bed tax numbers. Property tax records are available in Assessing.
6. Quarterly Sales Tax Revenue since 2000. See attached schedules for FY2000-2006
7. City Reports Sales tax/bed tax generated from visitors vs. locals; where does the money go?
All sales tax and bed tax goes into the General Fund. The bed tax receipts less 8% admin. costs are transferred to Sitka Convention and Visitor Bureau each year. The additional sales tax collected during the second and third quarters (6th%) is transferred to a debt service fund to make payments on the 2004 and

Providing for today...preparing for tomorrow


2005 school bonds (auditorium and school roofs and major maintenance). The remaining sales tax is used to fund the expenditures of the General Fund.

8. Do off-shore enterprises pay sales tax?

If they provide goods or services within the City and Borough of Sitka, they pay sales tax.

9. Is there documentation of sales tax revenues of sales tax revenues by history and projections?

See attached schedules.



David L. Wolff
Finance Director
City and Borough of Sitka

City and Borough of Sitka

Schedule of Bed Tax Receipts and Rates

For Calendar Years 1993 through 2005

| Calendar Year | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Collections Previous Yrs | Total |
|--------------------------|----------------------|-----------------------|----------------------|-----------------------|---------------------------------|--------------|
| Bed Tax Receipts: | | | | | | |
| 1993 | | | | | | 104,570 |
| 1994 | | | | | | 96,523 |
| 1995 | | | | | | 129,907 |
| 1996 | | | | | | 120,029 |
| 1997 | | | | | | 133,722 |
| 1998 | 14,324 | 48,141 | 60,331 | 13,326 | 2,399 | 138,521 |
| 1999 | 26,745 | 83,497 | 104,975 | 28,208 | 1,206 | 244,631 |
| 2000 | 28,773 | 99,313 | 95,044 | 27,235 | 540 | 250,905 |
| 2001 | 27,772 | 92,137 | 118,881 | 25,403 | 78 | 264,271 |
| 2002 | 24,201 | 103,549 | 125,907 | 31,482 | 13,134 | 298,273 |
| 2003 | 36,799 | 101,710 | 138,610 | 25,708 | 3,154 | 305,981 |
| 2004 | 33,411 | 115,346 | 163,411 | 34,941 | 14,373 | 361,482 |
| 2005 | 26,448 | 125,980 | 175,891 | 25,965 | 14 | 354,298 |

Bed Tax Rates:

| | | | | |
|------|----|----|----|----|
| 1993 | 4% | 4% | 4% | 4% |
| 1994 | 4% | 4% | 4% | 4% |
| 1995 | 4% | 4% | 4% | 4% |
| 1996 | 4% | 4% | 4% | 4% |
| 1997 | 4% | 4% | 4% | 4% |
| 1998 | 4% | 4% | 4% | 4% |
| 1999 | 6% | 6% | 6% | 6% |
| 2000 | 6% | 6% | 6% | 6% |
| 2001 | 6% | 6% | 6% | 6% |
| 2002 | 6% | 6% | 6% | 6% |
| 2003 | 6% | 6% | 6% | 6% |
| 2004 | 6% | 6% | 6% | 6% |
| 2005 | 6% | 6% | 6% | 6% |

City and Borough of Sitka
Schedule of Sales Tax Receipts
Recap for Fiscal Year 2006
Receipts through March 31, 2006

| <u>Calendar Quarter</u> | <u>(Budget)</u> | <u>(Actual)</u> | <u>Difference</u> |
|-------------------------------------|--------------------|--------------------|--------------------|
| Second, 2005 | 2,680,600 | 2,745,270 | 64,670 |
| Third, 2005 | 3,204,400 | 3,272,164 | 67,764 |
| Fourth, 2005 | 1,521,100 | 1,593,578 | 72,478 |
| First, 2006 | 1,342,600 | * (407,639) | (934,961) |
| | ----- 8,748,700 | ----- 8,018,651 | ----- (730,049) |
| Previous Years (Collection Area) | 100,000 | 69,920 | (30,080) |
| Interest & Penalties | 30,000 | 70,630 | 40,630 |
| Discount | (16,100) | (12,121) | 3,979 |
| Home Const. Refund | (9,300) | (382) | 8,918 |
| | ----- 8,853,300 | ----- 8,146,698 | ----- (706,602) |

City and Borough of Sitka

Schedule of Sales Tax Receipts

Comparing First Quarter 2005 and 2006
(Calendar Year)

| <u>Month</u> | <u>2005 (Actual)</u> | <u>2006 (Actual)</u> | <u>Difference</u> |
|--------------------------|--------------------------|--------------------------|----------------------|
| January | 52,357 | 54,108 | 1,751 |
| February | 165,469 | 170,277 | 4,808 |
| March | 169,311 | 183,254 | 13,943 |
| April | 633,674 | 0 | (633,674) |
| May | 352,596 | 0 | (352,596) |
| June | 5,906 | 0 | (5,906) |
| | ----- | ----- | ----- |
| Percent of Previous Year | 1,379,313 | * 407,639 | (971,674) -70.45% |
| Budget for Current Year | | 1,342,600 | (934,961) |

City and Borough of Sitka
Schedule of Sales Tax Receipts
Recap for Fiscal Year 2005

| <u>Calendar Quarter</u> | <u>(Budget)</u> | <u>(Actual)</u> | <u>Difference</u> |
|-------------------------------------|--------------------|--------------------|-------------------|
| Second, 2004 | 2,395,400 | 2,606,661 | 211,261 |
| Third, 2004 | 2,844,700 | 3,129,027 | 284,327 |
| Fourth, 2004 | 1,435,500 | 1,529,629 | 94,129 |
| First, 2005 | 1,264,200 | 1,379,313 | 115,113 |
| | ----- 7,939,800 | ----- 8,644,630 | ----- 704,830 |
| Previous Years (Collection Area) | 100,000 | 143,557 | 43,557 |
| Interest & Penalties | 30,000 | 81,815 | 51,815 |
| Discount | (16,000) | (15,493) | 507 |
| Home Const. Refund | (5,600) | (9,755) | (4,155) |
| | ----- 8,048,200 | ----- 8,844,754 | ----- 796,554 |

City and Borough of Sitka
Schedule of Sales Tax Receipts
Comparing Fourth Quarter 2004 and 2005
(Calendar Year)

| <u>Month</u> | <u>2004</u> <u>(Actual)</u> | <u>2005</u> <u>(Actual)</u> | <u>Difference</u> |
|--------------------------|--------------------------------|--------------------------------|-------------------|
| October | 47,566 | 50,455 | 2,889 |
| November | 198,567 | 199,742 | 1,175 |
| December | 172,882 | 192,126 | 19,244 |
| January | 884,526 | 881,780 | (2,746) |
| February | 208,178 | 260,554 | 52,376 |
| March | 10,363 | 8,921 | (1,442) |
| April | 5,609 | 0 | (5,609) |
| May | 1,245 | 0 | (1,245) |
| June | 693 | 0 | (693) |
| | ----- | ----- | ----- |
| Percent of Previous Year | 1,529,629 | 1,593,578 | 63,949 4.18% |
| Budget of Current Year | | 1,521,100 | 72,478 |

City and Borough of Sitka
Schedule of Sales Tax Receipts
Comparing Third Quarter 2004 and 2005
(Calendar Year)

| <u>Month</u> | <u>2004 (Actual)</u> | <u>2005 (Actual)</u> | <u>Difference</u> |
|--------------------------|--------------------------|--------------------------|-------------------|
| July | 69,598 | 60,466 | (9,132) |
| August | 351,471 | 394,179 | 42,708 |
| September | 360,048 | 428,914 | 68,866 |
| October | 1,229,651 | 1,890,174 | 660,523 |
| November | 1,085,037 | 416,008 | (669,029) |
| December | 3,556 | 55,323 | 51,767 |
| January | 8,987 | 9,924 | 937 |
| February | 7,830 | 9,771 | 1,941 |
| March | 1,571 | 7,405 | 5,834 |
| April | 4,034 | 0 | (4,034) |
| May | 2,479 | 0 | (2,479) |
| June | 4,765 | 0 | (4,765) |
| | ----- | ----- | ----- |
| | 3,129,027 | 3,272,164 | 143,137 |
| Percent of Previous Year | | | 4.57% |
| Budget of Current Year | | 3,204,400 | 67,764 |

City and Borough of Sitka
Schedule of Sales Tax Receipts
Comparing Second Quarter 2004 and 2005
(Calendar Year)

| <u>Month</u> | <u>2004 (Actual)</u> | <u>2005 (Actual)</u> | <u>Difference</u> | <u>2006 (Actual)</u> |
|--------------------------|--------------------------|--------------------------|-------------------|--------------------------|
| April | 57,388 | 50,918 | (6,470) | 0 |
| May | 242,525 | 235,448 | (7,077) | 0 |
| June | 267,574 | 298,102 | 30,528 | 0 |
| July | 1,471,616 | 1,122,223 | (349,393) | 0 |
| August | 534,251 | 993,815 | 459,564 | 0 |
| September | 8,305 | 17,170 | 8,865 | 0 |
| October | 16,805 | 3,914 | (12,891) | 0 |
| November | 2,124 | 10,039 | 7,915 | 0 |
| December | 1,733 | 1,050 | (683) | 0 |
| January | 262 | 5,404 | 5,142 | 0 |
| February | 1,759 | 393 | (1,366) | 0 |
| March | 2,319 | 6,794 | 4,475 | 0 |
| | ----- | ----- | ----- | ----- |
| | 2,606,661 | 2,745,270 | 138,609 | 0 |
| Percent of Previous Year | | | 5.32% | |
| Budget of Current Year | | 2,680,600 | 64,670 | |