



# CITY OF SAINT PAUL

## ALASKA

### MEMORANDUM TO COUNCIL

**TO:** Mayor and City Council Members

**FROM:** Phillip A. Zavadil, City Manager

**CC:** Aubrey Wegeleben, City Clerk; Stephanie Mandregan, Finance Director

**DATE:** October 26, 2023

**RE:** Ordinance 23-07 – Amending City Code of Ordinances by Adding Title 4 – Revenue and Finance, Chapter 4.35 – Rental Tax on Rental of Motor Vehicles

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**SUMMARY:** Ordinance 23-07 approves amending City Code of Ordinances by adding Title 4 – Revenue and Finance, Chapter 4.35 – Rental Tax on Rental of Motor Vehicles

**PREVIOUS COUNCIL ACTION:** Council has not taken previous action on this topic but did discuss in budget workshops last year.

**BACKGROUND AND DISCUSSION:** The City has observed over a 60% loss in fish tax revenue because of the closure of BBRK and BSS crab fisheries. The decline in tax revenue has resulted in hiring freezes, limiting expenditures, deferring maintenance and other projects, an increase in public utility rates, and using investment funds to offset the loss in revenue. The City will need to look for new sources of revenue to continue to maintain and provide municipal services.

Any changes to the City’s sales tax ordinance requires three readings by the council and a public hearing. New proposed sales tax requires a vote of the public.

**ALTERNATIVES** Council could choose not to approve this ordinance thereby not sending the new tax to a vote of the public.

**FINANCIAL IMPLICATIONS:** The MuniRevs system that the City uses to collect and track sales tax will need to be updated. The cost to implement changes to MuniRevs to include this new tax estimated to be. The City could receive an estimated \$2,500 to \$5,000 in new tax revenue.

**LEGAL:** The City’s general legal counsel has reviewed and provided recommended changes to the enacting ordinance and coded ordinance.

**ADMINISTRATION COMMENTS AND RECOMMENDATION:** Administration recommends approval of this ordinance.

**PROPOSED MOTION:** I move to introduce Ordinance 23-07, and schedule it for public hearing, second reading on at the City Council meeting scheduled for November 14, 2023, third reading and adoption at the City Council meeting scheduled for December 12, 2023, and a vote of the public via a special election ballot within 30 days of council approval of this ordinance.

**ATTACHMENTS:** Ordinance 23-07 and draft version of Chapter 4.35 – Rental Tax on Rental of Motor Vehicles.