



April 3, 2023

Ketchikan Gateway Borough Assembly
1900 First Avenue
Ketchikan, AK 99901

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Legacy Real Estate

Chamber Staff

Michelle O'Brien
Executive Director

Dear Mayor Dial and Members of the Assembly:

At its regular meeting in March, the Chamber Board of Directors voted unanimously to oppose the proposed increase to the Single Unit Sales Tax Cap. The City of Ketchikan and the Borough most recently raised the Sales Tax Cap effective the beginning of 2020, when the Cap was then doubled as well.

As we know, things have not been normal for business or consumers since 2020 with a global pandemic and increasing economic hardships. Ketchikan has not seen a complete rebound yet in our visitor industry, which was severely damaged by the pandemic, since the initial Sales Tax Cap increase of \$1,000 to \$2,000. Further, significant increases in inflation and other overall negative economic impacts complicate the financial recovery of our nation – which we know is all the more amplified here in our community.

The increase to the Sales Tax Cap proposed in Ordinance 2008 represents a 400% increase in less than 4 years. Such an increase will be the additional financial burden of local consumers buying and local entrepreneurs selling appliances, outboard motors, heavy equipment, bulk fuel, vehicles, homes, construction materials, etc. or the rental/leasing of commercial real estate.

Now is not the time to raise the Sales Tax Cap. Residents and business owners are facing hard times. In this economy, every dollar saved or able to be invested elsewhere in our community is extremely important. Borough staff has not recommended this tax increase as necessary to maintaining Borough functions or responsibilities because the Borough is healthy financially. There is a time when government can build reserves to maintain itself, but not while people and local businesses are already struggling. Further, the financial impacts and outcomes of this proposed tax increase, in addition to the increase in 2020, have not been completely researched or explored; we should allow a reasonable amount of time to pass before considering another increase.

The Ketchikan Chamber of Commerce strongly encourages you to oppose the adoption of Ordinance 2008.

Respectfully submitted,

Trevor A. Shaw
Chamber President