

**CITY OF GUSTAVUS, ALASKA
RESOLUTION CY25-16**

**A RESOLUTION BY THE CITY OF GUSTAVUS FOR THE AMENDMENT OF TITLE 4
CHAPTER 14 SECTION 030 (b)-IMPOSITION OF ROOM RENTAL TAX AND TITLE 4
CHAPTER 15 SECTION 030 (b)-IMPOSITION OF SALES TAX**

WHEREAS, the purpose of levying taxes is to raise revenues to help support the provision of City services; and

WHEREAS, Federal and State of Alaska revenue streams previously available are declining. For example, the annual Secure Rural Schools (aka National Forestry Receipts) allocation which has been used to help fund maintenance of City roads, was \$45,000 in 2024, \$1,130 in 2025, and projected to be \$0 in 2026. The State of Alaska Community Assistance Program in 2026 is projected to decrease by \$25,000 from the amount received in 2025. These two sources alone account for a \$70,000 loss in revenue that has helped fund City services and this trend is expected to continue; and,

WHEREAS, to help control rising payroll expenses, the City of Gustavus cut two full-time positions (City Administrator and Fire Chief) by 25% to three-quarter-time assignments as of July 1st, 2025; and,

WHEREAS, in keeping alignment with the Resolution CY19-16 directive to balance payroll expenses with local tax and fee revenue; and,

WHEREAS, in keeping alignment with other Southeast Alaska communities that charge at least a 7% room tax rate, including: Ketchikan, Skagway, Yakutat, Juneau, Petersburg; and,

WHEREAS, in keeping alignment with other Southeast Alaska communities that charge a combined sales tax and room tax rate, including Yakutat (13%), Juneau (14%), Petersburg (13%), Saxman (10.5%); and,

WHEREAS, applying 3% sales tax to the 4% room rental tax, for a combined tax rate of 7% on room sales, is projected to increase overall tax revenue by \$75,000 annually.

NOW THEREFORE BE IT RESOLVED, the Gustavus City Council will amend City Ordinance 4.14.030(b) and 4.15.030(b) to allow the imposition of 3% sales tax to room rental tax, for a total of 7%, beginning January 1, 2026.

BE IT FURTHER RESOLVED that, pursuant to AS 29.45.670, these ordinance amendments will not take effect until ratified by a majority of voters in the October Municipal Election.

PASSED and **APPROVED** by the Gustavus City Council this XXth day of _____, 2025, and effective upon adoption.

Sally M. McLaughlin, Mayor

Attest: Liesl Barker, City Clerk