

4.09.100 Exemptions. Amended Ord. 17-03

The following sales are exempt from taxation:

- A. **Casual Sales.** A casual and isolated sale not made in the regular course of business is exempt from the levy of sales tax imposed by Section [4.09.010\(A\)](#).
- B. **Church Sales.** Sale of tangible property or the sale of services by a church are exempt, except where the sale or service is incidental to a business for a profit.
- C. **Court Fixed Fees.** Any sale where the price is fixed by law, by a court of competent jurisdiction, or by other authority beyond the control of the seller, and where, if the tax were applied, in effect would become an income tax upon the seller, is exempt.
- D. **Dues and Fees.** Dues or fees paid to become or remain a member of a labor union, fraternal organization or nonprofit organization that has obtained an IRC 501(c) tax exemption certificate are exempt.
- E. **Federal and State Prohibitions.** A sale which the municipality is prohibited from taxing under the Constitution and laws of the United State or the Constitution of the state of Alaska is exempt.
- F. **Freight and Wharfage.** Freight and wharfage charges, whether arising out of foreign, interstate or intrastate commerce, are exempt. Warehouse, storage services, and delivery services that begin and end within the city and borough of Sitka are taxable, unless such delivery services are included in a through bill of lading in conjunction with interstate commerce.
- G. **Governmental Agencies.** A sale directly to any federal, state, municipal or tribal government, or any department or agency of these governments, is exempt.
- H. **Insurance.** The sale of insurance policies, guaranty bonds, and fidelity bonds are exempt.
- I. **Loans.** The principal amount of the loan and the interest charged for loaning of money are exempt. Any fees associated with the loaning of money are subject to sales tax, unless exempt under other sections of this chapter.
- J. **Medical and Veterinary Services.** The following sales are exempt:

1. Professional services and supplies provided within the scope of a license or certificate issued by the state of Alaska ("Alaska licensed or certified") to the following or similar positions: doctor of medicine and surgery; doctor of osteopathy and surgery; chiropractor; dentist; naturopath; optometrist; psychiatrist; psychologist; audiologist; hospital; medical clinic; midwife; birth center; acupuncturist; occupational therapist; physical therapist; certified nurse; nurse's aide; or registered or practical nurse;
2. Prescription drugs and medical services prescribed or provided by a person or business listed in subsection (J)(1) of this section;
3. Counseling services provided by an Alaska licensed or certified psychiatrist, psychologist, psychological associate, clinical social worker, substance abuse counselor, marital and/or family therapist;
4. Assisted living services provided by an Alaska licensed or certified assisted living or respite care home;
5. Purchase or rentals of hearing aids, crutches, wheelchairs and similar medical equipment prescribed or provided by a person or business listed in subsection (J)(1) of this section; and
6. Veterinary services and prescribed supplies provided within the scope of an Alaska licensed or certified veterinarian.

K. Newspapers. The sale of daily newspapers to a consumer is exempt.

L. Nonprofit Charitable Organizations. Sales made by nonprofit charitable organizations which do not have paid employees and which do not keep normal business hours are exempt.

M. Outside City and Borough. Sales of goods or services resulting from orders received from outside the city and borough by mail, telephone, or other similar public communication where delivery of the property or performance of services ordered is made outside the city and borough are exempt.

N. Over Twelve Thousand Dollars on Sales and Rents of Tangible Personal Property and on Sales of Services, and Over Twelve Thousand Dollars in Rent or Lease of Real Property on a Monthly Basis. That portion of a selling price for a single piece of equipment or tangible personal property or sale unit in excess of three thousand dollars is exempt. A single sale unit is:

1. Any retail merchandise sale where the selling price is totaled on one invoice or any sales slip, although this exemption does not apply if any portion of the invoice or sales slip refers to more than one business day;
2. Any sale of services sold by an individual unit price; or
3. Any liquor sale by lodges that hold an outdoor recreation lodge liquor license.

Notwithstanding any other provision of law, the exemption described in this subsection does not apply to any "running" invoice or sales slip representing the sale of items or commodities which are not services. The exemption described in this subsection applies to any sales of services in which services provided to more than one individual are packaged together or "bundled" for purposes of payment on one invoice or sales slip to the extent that such individuals are members of the immediate family of the person making the payment and the person making the payment provides to the seller a certification of such relationship on a form provided by the city and borough. For purposes of this subsection, "members of the immediate family" are the individual's spouse, children, parents, parents-in-law, siblings, grandparents, grandchildren, and domestic partners.

O. School Sales.

1. Retail sales, rentals, or services at a school-approved activity by a school-approved group raising funds for a school-approved purpose;
2. Retail sales in schools of food or beverages not sold to the general public; and
3. As used in this subsection, school means a public or private, primary or secondary school, university, trade school or college. This subsection does not include tutor services.

P. Resale. A sale for resale of a product, service or rental to a consumer where the resale is subject to tax is exempt.

Q. Student Transportation. The service of transporting students to and from a school in vehicles is exempt.

R. Reserved.

S. Service Performed by a Licensed Undertaker or Mortician. Fees charged by a licensed undertaker or mortician for services and goods supplied in the course of the undertaking business are exempt.

T. Reserved.

U. Exemption for Games of Skill and Chance. Sales of lottery tickets and other forms of games of skill and chance allowed under Section [10.40.020](#) are exempt.

V. Government-Funded Agencies. Nonprofit organizations that qualify as tax exempt under IRC Section 501(c) and derive fifty percent or more of their gross revenue from local, state, or federal government sources are exempt from paying sales tax if:

1. The organization files a bi-annual report setting out its qualifications; and
2. The application for exemption is approved by city and borough of Sitka and an exemption certificate is issued. The date of the certificate becomes the effective date of the tax exemption. City and borough of Sitka has a maximum of thirty days to review an application and grant an exemption certificate.

W. Child and Adult Dependent Care. The sales of child day care, pre-elementary school care, babysitting services and adult dependent care are exempt.

X. Public Transportation. Fees for public transportation are exempt if agency providing public transportation qualifies under subsection V of this section, Government-Funded Agencies.

Y. Exemption for Persons Who Have Reached the Age of Sixty-Five.

1. Any person, sixty-five years of age or older, who is a resident of the state of Alaska may apply for and be issued by the finance director a senior citizen sales tax exemption certificate which entitles the person, person's spouse, or the person's qualified domestic partner to be exempt from sales tax for the purchase of goods, services or rentals which are solely for the personal use or consumption of the person, person's spouse, or the person's qualified domestic partner. This exemption does not apply for purchases for the person, person's spouse, or the person's qualified domestic partner:

- a. For use in any trade or business, including but not limited to commercial fishing, or
- b. For purchase of alcoholic beverages, cigarettes, or other tobacco products.

2. Definitions.

“Alcoholic beverage” includes beer, wine, and all other spirituous, vinous, malt and other fermented or distilled liquid intended for human consumption and contains one-half of one percent or more of alcohol by volume, for which a license or permit for its sale or barter is required by AS [04](#), entitled “Alcoholic Beverages.”

“Cigarette” shall have the same meaning as defined in Section [4.26.190](#).

“Other tobacco products” shall have the same meaning as defined in Section [4.26.190](#).

“Resident of the state of Alaska” means a person who is physically present in the state with the intent to remain in the state indefinitely and to make a home in the state.

3. Verification.

a. The applicant, at the time of application for a senior citizen sales tax exemption card, will provide a minimum of two pieces of identification to prove Alaska residency. One of the identification documents must show birth date.

b. The applicant shall fill out a formal application which will include a verification of their “intent to reside in Alaska.”

4. A resident at least sixty years old, who otherwise qualifies for the exemption, and is the widow, widower, or qualified domestic partner of a deceased person who qualified for the exemption under subsection (Y)(1) of this section, may apply for and be issued a senior citizen sales tax exemption certificate.

Z. Youth Camps. Fees charged for nonprofit youth camps primarily serving persons under eighteen years of age are exempt.

AA. Residential Rent. Rent paid for residential housing for thirty or more consecutive days or an entire calendar month by a person or persons for a room, set of rooms, structure, or suite is exempt from sales taxes. This exemption does not apply to any transaction taxable under Chapter [4.24](#) regarding the hotel, motel, and bed and breakfast transient room tax.

AB. Sale of Service Costs or Commission. That part of the sales price paid by the buyer for Sitka travel and adventure services purchased outside the city and borough of Sitka which is not remitted, directly or indirectly, to the person providing or performing the service, and which is a selling cost or commission or similar charge.