



City and Borough of Sitka

100 LINCOLN STREET • SITKA, ALASKA 99835

Increased Deposit Requirement

Effective July 1, 2011

4.09.330 Security—Limitations—Sales of security deposit at auction—Bond.

1. A. The city and borough of Sitka may require a retailer to deposit with the city and borough of Sitka security in a form and amount that the city and borough of Sitka determines is appropriate. The deposit may not be more than twice the estimated average liability for the period for which the return is required to be filed or ten thousand dollars, whichever is less. The amount of security may be increased or decreased by the city and borough of Sitka, subject to the limitations provided in this section.

The standard deposit amount required to be paid by new businesses has been \$25.00. In July, 2004, the sales tax code was changed from 4.08 to 4.09 with many revisions but one notable revision was the increase in minimum penalties from \$15.00 to a tiered minimum chart which increased monthly from \$15.00, \$25.00, \$50.00, to \$100.00. Historically, the minimum deposit has been sufficient to cover delinquent penalties at a closing of a business however now the \$25.00 does not begin to meet the penalties often associated with a business that is delinquent at closing.

The Sales Tax Offices will now increase the minimum deposit requirement to \$50.00 unless the business owner has prior good credit history in which the deposit may be waived at the discretion of the Sales Tax staff. If the business owner has a poor credit history, as stated above (SGC 4.09.330), the deposit requirement may be more as deemed appropriate by the Sales Tax Staff.

John P. (Jay) Sweeney III
Interim Finance Director