

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2015-24A

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING THE SALES TAX EXEMPTION AT SITKA GENERAL CODE SUBSECTION 4.09.100N ENTITLED "OVER ONE THOUSAND FIVE HUNDRED DOLLARS ON SALES AND RENTS OF TANGIBLE PERSONAL PROPERTY AND ON SALES OF SERVICES"

1. **CLASSIFICATION.** This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code ("SGC").

2. **SEVERABILITY.** If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstance shall not be affected.

3. **PURPOSE.** The Assembly is looking at ways to increase revenues without deleting services. The purpose of this ordinance is to amend the sales tax exemption at SGC 4.09.100N entitled "Over One Thousand Five Hundred Dollars on Sales and Rents of Tangible Personal Property and on Sales of Services, and Over One Thousand Five Hundred Dollars in Rent or Lease of Real Property on a Monthly Basis." This ordinance concerns the "sales tax cap" beyond which sales are exempt from taxation. It increases the dollar threshold over which sales are exempt from \$1,500 to \$3,000.

4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that SGC4.09.100N is amended as follows (new language underlined; deleted language stricken):

Chapter 4.09 Sales Tax

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4.09.100 Exemptions.

The following sales are exempt from taxation:

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N. Over ~~One~~ One ~~Three Thousand Five Hundred~~ Dollars on Sales and Rents of Tangible Personal Property and on Sales of Services, and Over ~~One~~ One ~~Three Thousand Five Hundred~~ 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 ~~one three thousand five hundred-dollars~~ (\$3,000) 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.

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5. **EFFECTIVE DATE.** This ordinance shall become effective on October 1, 2015.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 9th day of June, 2015.



Mim McConnell, Mayor

ATTEST:



Melissa Henshaw
Acting Municipal Clerk

1st reading 4/28/15

2nd reading 5/12/15

2nd reading as amended 5/27/15

3rd reading 6/9/15