
Citizens' Taskforce Minutes

Tuesday, February 16, 2016 6:00PM

Sealing Cove Business Center

Citizens' Taskforce Members: Rob Allen, Maxwell Rule, Lawrence SpottedBird,
Dyan Bessette, Cynthia Gibson, Hugh Bevan, Alene Henning
Tristan Guevin (Assembly Liaison)

I. CALL TO ORDER

Chair Allen called the meeting to order at approximately 6:01PM.

II. ROLL CALL

Present: Rob Allen, Dyan Bessette, Cynthia Gibson, Hugh Bevan, Lawrence SpottedBird

Absent: Maxwell Rule (excused)

Assembly Liaison: Tristan Guevin (absent)

Staff: Public Works Director Michael Harmon, Deputy Clerk Melissa Henshaw, Deputy
Finance Director Michael Middleton, Assessor Wendy Lawrence, Fire Chief David Miller

III. APPROVAL OF MINUTES

M – Bevan/S – Bessette moved to approve the February 1, 2016 minutes. Motion carried unanimously.

IV. REPORTS

Chair – Chair Allen welcomed new member Alene Henning.

Members – Henning introduced herself, gave background, and interest. Gibson apologized for not being able to call in last week.

City Staff – None.

Assembly Liaison – None.

Other(s) – None.

V. PERSONS TO BE HEARD/CORRESPONDENCE

None.

VI. UNFINISHED BUSINESS

A. Sales Tax Exemption Review

Chair Allen stated this was the same agenda from the meeting last week and the exemption list was a request from the Assembly for the Taskforce to make recommendations. Bevan had questions on the memo and told of exemptions he would like to discuss. Members discussed adventure travel packages, senior exemptions, if construction and subcontractor were included in wholesale, casual and occasional sales were clarified as bake sales and garage sales, what sales to churches meant. Assessor Lawrence spoke to state/federal exemptions. The Taskforce went through and determined which numbers they would discuss with the rest of the list to be left as is. It was determined to leave as is after discussion of *1. Casual and occasional sales*, and *2. Sales to churches*.

M – Bessette/S – Bevan moved to recommend to the Assembly that 4. Dues and fees be removed from the exemptions. Motion failed 2-4.

Discussion occurred around 14. *Sales over the taxable transaction limit of \$3,000* with regards to the limit raised last fall, the estimated revenue, inflation, and examples were named: boats, airplanes, construction, furniture, jewelry, and fishing excursions.

M - Gibson/S - Bevan moved to recommend the Assembly review 14. *Sales over the taxable transaction limit of \$3,000* to determine the need to increase the limit and index it for inflation. Motion passed 5-1.

General consensus for 16. *A sale for resale* was to leave as is since Deputy Finance Director Middleton told this exemption prevented tax on a tax.

Staff was directed to research state or federal regulations with regards to 18. Telephone and telegraph services with regards to placing sales tax on telephone, telegraph, cable, internet, and wireless communication services.

M - Bevan/S - Gibson moved if legal to recommend the Assembly consider adding sales tax to telephone, telegraph, cable, internet, and wireless communication services. Motion passed unanimously.

Discussion took place on 20. *Long-term vehicle and equipment rentals*. Staff confirmed that long-term meant exceed 30 days and that the sales tax cap would come into effect if this exemption would be removed.

M - Gibson/S - Bevan moved to recommend the Assembly review amount of short-term tax on vehicles and change to mirror the local sales tax rate. Motion passed unanimously.

M - SpottedBird/S - Bessette moved to recommend the Assembly eliminate 20. *Long-term vehicle and equipment rentals* exemption. Motion passed 5-1.

Discussion took place on 21. *Sales of lottery and raffle tickets*. Staff stated this exemption includes pull tabs and bingo. General consensus was to leave as is.

25. *Sales to senior citizens age 65 or older* would come back at a later date as its own agenda item.

Discussion of 26. *Fees to attend youth camps* occurred with the example of the Fine Arts Camp.

M - Gibson/S - Henning moved to recommend the Assembly review 26. *Fees to attend youth camps* and consider removing the exemption. Motion passed 5-1.

Discussion surrounded 27. *Long-term residential rent* with some members concerned of the impact of removing this exemption on lower income families.

M - Gibson/S - SpottedBird moved to recommend the Assembly review 27. *Long-term residential rent*. Motion failed 2-4.

Deputy Finance Director Middleton read the Sitka General Code section on 28. *Commissions paid on sales of adventure travel packages outside the City and Borough* with the general consensus to leave as is.

Chair Allen brought up ticket sales as items that were not on the exemption list. Bessette stated she would like consistency. The Sitka School District collects tax and pays on the Performing Arts Center.

M - Bevan/S - Bessette moved to recommend the Assembly review *ticket sales*,

concert and performances as taxable. Motion failed 3-3.

Chair Allen reminded the Taskforce that the State may implement a sales tax but that the Taskforce was making decisions based upon the current status. Deputy Finance Director answered Gibson's question of how it would work if the State did implement a sales tax by stating that cities could have an additional sales tax rate.

B. Draft Grand Bargain Budget

Chair Allen handed out a spreadsheet that he worked up with different scenarios.

VII. NEW BUSINESS

None.

VIII. PERSONS TO BE HEARD

Bill Marx asked for a rundown of the exemptions. Staff will provide Mr. Marx with the draft minutes.

Sitka School District Superintendent, Mary Wegner stated that she and Ms. Olin will not be in attendance for the February 22 meeting.

IX. ADJOURNMENT

A. Agenda items for the next regular meeting of February 22, 2016

Agenda item for the next meeting would include the Draft Grand Bargain with Rule and Chair Allen out of town. Discussion occurred on the following as agenda items at a later date: sales to senior citizens age 65 or older; groceries sales tax; mill rate/property tax; work session, town hall meeting with Doug Osborne moderating on March 21.

M - Gibson/S - Henning moved to adjourn the meeting. Motion carried unanimously. The meeting adjourned at approximately 8:30PM.

Attest:
Melissa Henshaw, Deputy Clerk