

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2022-12S

BALLOT PROPOSITION OCTOBER 4, 2022

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING TITLE 4 "REVENUE AND FINANCE" OF THE SITKA GENERAL CODE BY ADDING A NEW SUBSECTION TO CHAPTER 4.09 "SALES TAX" TO ESTABLISH A CONSUMER'S SALE TAX ON MARIJUANA AND MARIJUANA PRODUCTS, IN PLACE OF THE EXISTING CONSUMER'S SALES TAX; AND AMENDING CHAPTER 4.25 "STUDENT ACTIVITIES DEDICATED TRAVEL FUND" SUCH THAT THE TAX PROCEEDS WILL BE DEPOSITED INTO AND DISBURSED FROM THAT FUND FOR EXTRACURRICULAR STUDENT ACTIVITIES; AND SUBMITTING THE QUESTION OF SUCH AMENDMENT TO THE QUALIFIED VOTERS AT THE REGULAR ELECTION ON OCTOBER 4, 2022

1. CLASSIFICATION. This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code.

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 purpose of this ordinance is to amend the SGC Title 4 "Revenue and Finance" by adding a new subsection in Chapter 4.09 "Sales Tax" to provide for specific consumer sales tax on marijuana and marijuana products and exempt these sales from the general sales tax in section 4.09.010(A). Revenues are to fund the Student Activities Fund of the Sitka School District to support extracurricular student activities and associated travel costs.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code Title 4, entitled "Revenue and Finance", be amended by adding a new subsection, and updating existing sections and subsections in Chapter 4.09, entitled "Sales tax", section 4.09.010, entitled "Levy of sales tax", section 4.09.020, entitled "Collection of tax", section 4.09.100, entitled "Exemptions", and Chapter 4.25, entitled "Student Activities Dedicated Travel Fund", to read as follows (deleted language stricken, new language underlined):

		Title 4
		FINANCE AND REVENUE
Chapters:		* * *
	4.09	Sales Tax
		* * *
	4.25	Student Activities Dedicated Travel Fund
		* * *

Chapter 4.09
SALES TAX

Sections:

4.09.010 Levy of sales tax.

4.09.020 Collection on tax.

* * *

4.09.100 Exemptions.

* * *

4.09.010 Levy on sales tax.

A. There is levied a consumer's sales tax on sales, rents, and leases made in the city and borough of Sitka. This tax applies to sales, rentals, and leases of tangible personal property; sales of services sold within the city and borough of Sitka; sales of services performed wholly or partially within the city and borough of Sitka when the provision of such services originates or terminates within the city and borough of Sitka; and rentals and leases of real property located within the city and borough of Sitka. Notwithstanding any provision of law, air or sea charter services, provided a person or entity in the business of providing such charter services, are exempt from sales tax by the city and borough of Sitka if the charter does not commence and end within the city and borough of Sitka.

B. The rate of levy of the sales tax levied under subsection A of this section is five percent on sales made during the months of October, November, December, January, February, and March. The rate of levy of the sales tax levied under subsection A of this section is six percent on sales made during the months of April, May, June, July, August, and September.

C. A flat rate of ten dollars per fish box shall be levied on the packaged fish and/or seafood caught or taken and retained by fish charter customers as part of the fish charter. This tax shall be paid by the fish charter customer, collected by whoever packages the fish and/or seafood caught or taken by the fish charter customer, and is in addition to any sales tax paid based on the cost of the charter. This tax is effective January 1, 2007. For purposes of this subsection, a "fish box" means any packaging by a fish charter operator or processor of fish and/or seafood caught or taken as part of the charter by a fish charter customer. The sales tax collected from this levy on fish boxes shall be deposited by the finance director in the following funds in the following ratios:

1. Thirty percent in the harbor fund;
2. Thirty percent in a fisheries enhancement fund, available to be used for any fisheries enhancement proposal upon approval of the proposal by the assembly; and
3. Forty percent in the general fund.

D. In place of the consumer's sales tax levied in subsection A of this section, there is levied a consumer's sales tax on sales made in the city and borough of Sitka of marijuana, as "marijuana" is defined in AS 17.38.900(10), and marijuana products, as "marijuana products" is

102 defined in AS 17.38.900(15). The rate of levy of the sales tax under this subsection is six
103 percent on sales made during the first year, starting on January 1, 2023, and eight percent on
104 sales made during the second year and each year thereafter. The sales tax collected under this
105 subsection shall be deposited by the finance director into the Student Activities Fund. Each
106 year during the annual budget process an appropriation from the Student Activities Fund will be
107 made based on projected annual revenue and the funds appropriated will be transferred to the
108 Sitka School District. This funding will be restricted to the support of extracurricular student
109 activities and associated travel costs.

110
111 ED. Except as provided in subsection C and D of this section, all moneys accumulated under
112 the terms of this chapter shall be deposited by the finance director in the general fund of the city
113 and borough of Sitka and shall be used for the general operating expenses of the city and
114 borough of Sitka in such a proportion as deemed advisable from time to time by the assembly.

115
116 **4.09.020 Collection on tax.**

117 A. The tax described in Section 4.09.010(A) and (D) is imposed on the purchaser and must be
118 collected by the seller and paid to the city and borough of Sitka by the seller as provided in
119 Section 4.09.270. The seller holds all taxes collected in trust for the city and borough of Sitka.
120 The tax must be applied to the sales price.

121
122 * * *

123 **4.09.100 Exemptions.**

124 * * *

125 R. ~~Reserved.~~ Marijuana and marijuana products. Sales of marijuana and marijuana products
126 under section 4.09.010(D) are exempt from the levy of sales tax imposed by section
127 4.09.010(A).

128 * * *

129
130 Y. Exemption for Persons Who Have Reached the Age of Sixty-Five.

131
132 1. Any person, sixty-five years of age or older, who is a resident of the state of Alaska
133 may apply for and be issued by the finance director a senior citizen sales tax exemption
134 certificate which entitles the person, person's spouse, or the person's qualified domestic
135 partner to be exempt from sales tax for the purchase of goods, services or rentals which
136 are solely for the personal use or consumption of the person, person's spouse, or the
137 person's qualified domestic partner. This exemption does not apply for purchases for the
138 person, person's spouse, or the person's qualified domestic partner:

139
140 a. For use in any trade or business, including but not limited to commercial fishing;
141 or

142
143 b. For purchase of alcoholic beverages, cigarettes, or other tobacco products and
144 marijuana or marijuana products.

145
146 * * *

151 Sections:

152 4.25.010 Student activities ~~dedicated travel~~ fund.

153 4.25.020 Revenue source for the student activities ~~dedicated travel~~ fund.

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157 **4.25.010 Student activities ~~dedicated travel~~ fund.**

158 A student activities ~~dedicated travel~~ fund is hereby created. The student activities ~~dedicated~~
159 ~~travel~~ fund shall be maintained separate and apart from all other funds and accounts of the city
160 and borough. The student activities ~~dedicated travel~~ fund shall only be used to assist with the
161 payment of expenses associated with extracurricular student activities and associated travel
162 costs that is part of a Sitka School District sponsored activity.

163

164 **4.25.020 Revenue source for the student activities ~~dedicated travel~~ fund.**

165 Notwithstanding any other provision of law, all proceeds received by the city and borough of
166 Sitka from the state of Alaska resulting from marijuana licensing fees and the consumer's sales
167 tax on marijuana and marijuana products shall be deposited in their entirety in the student
168 activities ~~dedicated travel~~ fund.

169

170 Proceeds will be appropriated during the annual budget process. ~~The amount transferred is to~~
171 ~~be included in the calculation of the local support of education per AS 14.17.410.~~

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* * *

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175 **5. BALLOT PROPOSITION.** The following question shall be placed on the ballot at
176 the regular election on October 4, 2022:

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178 Shall the Sitka General Code be amended, effective January 1, 2023, by exempting
179 marijuana and marijuana products from the general levy of sales tax and adding a
180 specific levy of sales tax, 6% the first year and 8% the second year and each
181 subsequent year, for marijuana and marijuana products sold in the municipality, and
182 placing the tax revenues in a dedicated municipal fund for the Sitka School District for
183 extracurricular student activities and associated travel costs?

184

185 Yes No

186

187 Informational: See Ordinance 2022-12S

188

189 An affirmative vote on this ballot proposition would amend the Sitka General Code
190 section 4.09.010, entitled "Levy on Sales tax", by exempting marijuana and
191 marijuana products from the general sales tax (5% October-March and 6% April-
192 September) and concurrently creating a specific sales tax (6% for first year, and
193 8% for second year and each subsequent year) on marijuana and marijuana
194 products. If approved by a majority of qualified voters, this amendment will become
195 effective January 1, 2023.

196

197 The net effect of approval of the ballot proposition exempting marijuana and
198 marijuana products from general sales tax and creating the marijuana and
199 marijuana specific sales tax would be a zero to one percent increase in taxes in the

200 first year, and a two to three percent increase for the second year and all
201 subsequent years, depending on the time of the year the tax is collected.

202
203 **6. EFFECTIVE DATE.** This ordinance shall become effective January 1, 2023,
204 upon certification of the October 4, 2022, election results that show a majority of qualified voters
205 approved the enactment.

206
207 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of
208 Sitka, Alaska, this 28th day of June, 2022.

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210
211
212 _____
213 Steven Eisenbeisz, Mayor

214 ATTEST:

215
216 _____
217 Sara Peterson, MMC
218 Municipal Clerk

219
220 1st reading: 5/10/2022
221 1st reading – substitute ordinance: 6/14/2022
222 2nd and final reading: 6/28/2022

223
224 Sponsors: Knox / Mosher / Himschoot