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**CITY AND BOROUGH OF SITKA**

**ORDINANCE NO. 2011-45**

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING  
SECTION 4.09.100 OF THE SITKA GENERAL CODE TO IDENTIFY POSSIBLE  
SALES TAX HOLIDAYS FOR CERTAIN SALES IN 2011**

**1. CLASSIFICATION.** This ordinance is not of a permanent nature and is not 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 circumstances shall not be affected.

**3. PURPOSE.** This ordinance is intended to allow sales made on particular days to be free from sales tax. This ordinance is not intended to affect any sale of fuel. This ordinance is not intended to affect any sale which is part of a continuing obligation of the buyer to pay the seller over time. Given the temporary nature of this exemption, it is not codified.

**4. ENACTMENT.** **NOW, THEREFORE, BE IT ENACTED** by the Assembly of the City and Borough of Sitka, Alaska that sales made on November 25 and 26, 2011 are exempt from the sales tax set out at Chapter 4.09 of the Sitka General Code if such sales are not part of a continuing obligation on the buyer to pay the seller over time, and if such sales are not sales of fuel.

**5. EFFECTIVE DATE.** This ordinance shall become effective on the day after the date of its passage. This ordinance will expire on December 31, 2011.

**PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska this 15th of November, 2011.

\_\_\_\_\_  
Cheryl Westover  
Mayor

**ATTEST:**

\_\_\_\_\_  
Colleen Ingman, MMC  
Municipal Clerk



THE GREATER SITKA  
**chamber**  
OF COMMERCE

329 Harbor Drive, Suite 212  
Mail: P.O. Box 638 • Sitka, Alaska 99835  
(907) 747-8604 • Fax (907) 747-7413

November 4, 2008

Mayor Scott McAdams  
Members of the Assembly  
City and Borough of Sitka  
100 Lincoln Street, Room 305  
Sitka, Alaska 99835

Dear Mayor and Assembly Members:

For several years, the city has passed an ordinance granting one or two sales tax free shopping days in late November, and they have turned out to be a huge success for keeping Sitka's money in town. The Greater Sitka Chamber of Commerce is requesting that the assembly grant a Sales Tax Holiday on both Friday, November 28 and Saturday, November 29.

The Chamber contends that the Sales Tax Holiday is a great motivator for Sitka residents to spend their money in Sitka, rather than sending it or taking it out of town. Some merchants use the enticement of the Sales Tax Holiday to promote specials that attract a significant amount of sales that might otherwise not happen. Other merchants need no extra specials. Their customers wait for those days to purchase big ticket items and save the \$50. For those two days, Sitka residents, and visitors from around SE Alaska, purchase jewelry, electronic devices, building supplies and appliances, boats and ATVs, and locally produced crafts at the annual bazaar. Some people, with limited incomes, just save money by stocking up on groceries, clothing and other needed items.

It could be argued that some of the sales made on the Sales Tax Holiday would happen anyway, but most merchants are confident that those two days add significantly to their annual revenue, and that much of the revenue earned was going outside of Sitka before the Sales Tax Holiday was instituted. Every bit of the money that passes hands on those two days stays in Sitka, with our local merchants and craftsmen, and gets re-circulated many times over.

Besides the positive cash flow for the community, the Sales Tax Holiday feels like a 'gift' to community members, who enthusiastically spread their money around Sitka during those two days.

We encourage assembly members to approve a two day Sales Tax Holiday this year. If only one day is approved; Saturday, November 29, would be the best shopping day.

Thank you so much for considering approval of this ordinance.

Best Regards,

Sheila Finkenbinder, Executive Director

**From:** chrisf@gci.net on behalf of Chris Fondell  
**Sent:** Friday, October 31, 2008 12:56 PM  
**To:** assembly@cityofsitka.com  
**Cc:** Sitka Chamber of Commerce  
**Subject:** Tax free day in Sitka

Mr. Mayor and Assembly Members,  
Speaking both as a board member for the Sitka Chamber of Commerce and a local merchant, I wish to express to you the importance of tax free shopping days in Sitka.

Sales during the Christmas holidays have historically been on the weak side since the advent of Internet shopping and the frequent offer of "free shipping" luring many local customers to spend holiday moneys outside of Sitka. When the Assembly wisely instituted two tax free days during the popular shopping weekend following Thanksgiving, merchants saw a dramatic increase in sales. Granted, these sales are not directly bringing money into the city coffers, however it is imperative that we look beyond those immediate dollars and realize that any money spent in Sitka remains in Sitka and is spent several times over, thereby eventually making tax dollars available to the city.

It is becoming increasingly difficult for local merchants to remain open on a year round basis. The Assembly can help these merchants maintain their employees and service the needs of the local population in many ways. Tax-free shopping days can certainly help each merchant and help the local economy at the same time.

I urge you to support this positive step for our local economy by casting your vote in favor of tax-free shopping days on November 28th and 29th, 2008. Thank you very much for your consideration.

Sincerely,  
Chris Fondell

10/31/2008



# City and Borough of Sitka

100 LINCOLN STREET • SITKA, ALASKA 99835

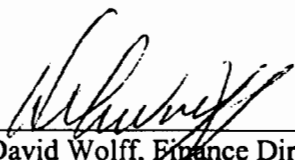
**TO: Mayor Dapceвич and Assembly Members**

**THROUGH: Hugh Bevan, Administrator**

**FROM: David Wolff, Finance Director**

**DATE: November 12, 2004**

I, David Wolff, Finance Director, do hereby certify that the City and Borough of Sitka has exceeded the sales tax projections for the second and third quarters of the calendar year 2004.

  
\_\_\_\_\_  
David Wolff, Finance Director

## Colleen Ingman

---

**From:** Mim McConnell [assemblymcconnell@cityofsitka.com]  
**Sent:** Tuesday, October 11, 2011 10:04 AM  
**To:** Colleen Pellett  
**Cc:** shared address book  
**Subject:** Sales Tax Holiday

Hi Colleen,

I've been researching sales tax holidays' pros and cons. These are some links to some articles I've read:  
<http://businessjournalism.org/2010/08/02/will-sales-tax-holidays-boost-your-region%E2%80%99s-economy/>  
and some links from that article:  
<http://www.stateline.org/live/details/story?contentId=500881>  
[http://sitemaker.umich.edu/adamjcole/files/adamjcole\\_chapter2.pdf](http://sitemaker.umich.edu/adamjcole/files/adamjcole_chapter2.pdf) (60 pages - too long to print)

I'm wondering what the CBS history is on this local tax holiday and the cost to the city each year since its enactment. I think this would be useful information for our discussion tomorrow. (It would be helpful to know if there has been an increase in local sales but I doubt that info is available.)

Thanks,

Mim

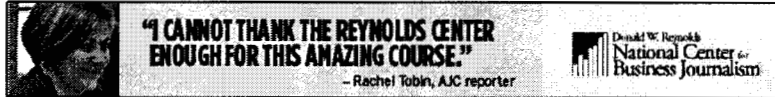
**Mim McConnell, Vice-Deputy Mayor, CBS Assembly, 204 Observatory St, Sitka, AK 99835, 907-747-2860/907-738-2888**

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2

## Will sales tax holidays boost your region's economy?

By [Melissa Preddy](#) on Aug 02, 2010 in [Economy](#), [Featured](#), [Personal finance](#), [Retail](#) | [Lifestyle](#), [Story ideas](#)

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We've had cash for clunkers, appliance rebates, homebuyers' credits and other stimuli. Coming in the next few weeks, sales tax holidays will take place in 16 states, aimed at luring families out for the crucial back-to-school shopping season.

Giving consumers what amounts to a discount equal to your state's sales tax rate is a tactic that has burgeoned nationwide over the past decade. Skeptics wonder if it really works, and critics say that it robs state coffers just when governments can least afford another hit. (Here's a [National Conference of State Legislatures mid-year update on state budget crises](#) for easy reference; credentialed media members may request a free copy by e-mailing [Press Room, NCSL.org](#).)

Merchants, of course, are all for anything that cuts prices without picking their pockets, as this recent [blog post from the National Retail Federation](#) indicates.



Greater Killeen Chamber of Commerce

Here's a [state-by-state listing of tax holiday dates](#) and conditions from tax information giant CCH Inc. Note that some states limit the break to clothing and shoes while others include school supplies, dorm furnishings like bed linens and shower curtains and even computer software. Talk with your state's retail trade group about any behind-the-scenes lobbying that went on to determine what was included and excluded locally. (Also, mark your calendars for energy and hunting-related tax breaks coming up later in the year.)

Note that Georgia was a hold-out this year; its legislature decided to skip the tax break despite this [28-page report from the merchants' trade group](#) that claims a net positive economic impact from the back-to-school tax hiatus. The report is detailed and well worth a read as you develop questions for your regional retailers, shoppers and economists.

One thing I'm wondering: How far are shoppers willing to travel to get the break, and how are communities near state borders leveraging the tax hiatus — or lack thereof? Will the cuts siphon business from one state to another, and what are the implications there? And do shoppers misjudge the ability of the discount to offset extra costs in time, fuel, credit-card interest and other expenses?

More pros and cons about sales tax holidays are outlined in this excellent [recent piece on Stateline.org](#), the news service of the Pew Center for the States. Note a variety of good sources mentioned in the article. The point which caught my eye, especially in light of our clunkers and homebuyers experiences, is the notion that tax holidays merely pull demand from one period to another. In other words, will consumers shop up over the next few weeks, only to sit on the sidelines in September and October?

This is a great opportunity to form a reader panel, or develop a personal finance piece by shadowing consumers, analyzing their receipts and comparing their spending to last year's, especially in states that are implementing the holiday for the first time. (Be sure to get a look at last year's credit card statements and checkbook registers; don't just take shoppers' word for it. Memories are faulty.)

Here's an American Journal of Business feature about [shoppers' perceptions of sales tax holidays](#), and a [historical report](#) by University of Michigan economist Adam Cole.

It's a valid concern and from a merchandising standpoint, retailers must be strategizing ways to defeat it. Are they holding back certain fashions or functional items to make sure fresh needs arise in the fall? Will they make the most of tax-break traffic by pushing loyalty programs, getting new shoppers on e-mail lists for future come-ons, and other means of insuring return visits?

Related posts:

1. [Tracking corporate campaign contributions on your beats](#)

## TOP STORY

MONDAY, JULY 28, 2010

## Sales tax holidays: easy to sell but hard to justify

By Joey Peters, Special to Stateline

Starting late this week and continuing through mid-August, some 16 states will kick off an event that has become a ritual of back-to-school season. They will temporarily suspend sales taxes on pens, pencils, binders and bookbags, as well as moderately-priced clothes, and in some cases, computers.

For Illinois, it will be the first time ever that a sales tax "holiday" has been declared. From August 6 to August 15, shoppers can buy school supplies or clothes and shoes worth up to \$100 without paying the 5 percent state sales tax. The move is expected to cost state coffers \$60 million, even as Illinois wrestles with a \$5 billion backlog of unpaid bills.



On the other hand, in Georgia, where tax breaks on back-to-school products have been a staple since 2002, the Legislature decided to forgo it this year, much to the dismay of retailers. Lawmakers didn't want to be subsidizing clothes for children to wear to school at a time when they were cutting back spending on the schools themselves.

Sales tax holidays have been around since New York passed the first one 15 years ago. According to the Federation of Tax Administrators, states have found lots of excuses to declare the holidays. Louisiana and South Carolina kick off hunting season with a tax break on guns. Louisiana and Virginia begin hurricane season with a tax break on preparedness items such as flashlights, batteries and generators. And six states, including Maryland, Missouri and West Virginia, offer temporary sales tax breaks on Energy Star appliances.

The holidays are popular with shoppers who like getting a deal, retailers who like getting a flood of customers, and politicians who like getting credit for making it all happen. But critics on both sides of the political spectrum say sales tax holidays are an ineffective gimmick.

The Tax Foundation, a conservative research organization, argues that sales tax holidays don't actually encourage shoppers to buy anything. Instead, shoppers purchase things they would've bought anyway, but on a different day. Retailers still benefit from the arrangement, says Mark Robyn, an economist with the nonpartisan group. "It's sort of like advertising a sale," Robyn says, "but they don't have anything to give up."

Meanwhile, Citizens for Tax Justice disputes a common claim that the holidays help poor families save money on essential items. Matt Gardner, a policy analyst for the liberal group, says the tax breaks actually are geared toward upper-income families. "It's a real question of who's best positioned to take advantage of them," he says. "Low-income people are less likely to shift the timing of their purchases."

One point that both the Tax Foundation and Citizens for Tax Justice agree on is that since the holidays only include special items — school items during back-to-school season, guns and ammunition during hunting season — they still unfairly impose sales taxes on everything else. In other words, they discriminate against consumers who don't go hunting every fall and don't have to buy their children notebooks and pencils.

## Retail psychology

Retailers have their own studies to point to, showing positive impacts from sales tax holidays. One they like came from the Texas, where the state comptroller found that sales tax holidays saved shoppers \$442 million from 1999 to 2008. In Florida, which is reinstating a back-to-school tax holiday after a two-year hiatus, the state retail federation sponsored a study that concluded that gross sales increased by about 8

2010 SALES TAX HOLIDAYS FOR  
BACK-TO-SCHOOL ITEMS

- Alabama: August 6-8
- Connecticut: August 15-21
- Florida: August 13-15
- Illinois: August 6-15
- Iowa: August 6-7
- Louisiana: August 6-7
- Maryland: August 8-14
- Mississippi: July 30-31
- Missouri: August 6-8
- New Mexico: August 6-8

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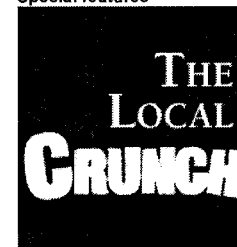
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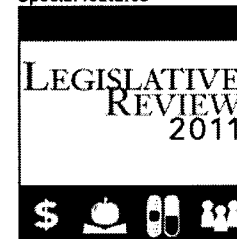
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percent during the month the school tax holiday was last held in 2007.

"The consumer loves it," says Rick McAllister, president of the Florida Retail Federation. "It's psychological. It's hard to explain."

- North Carolina: August 6-8
- Oklahoma: August 6-8
- South Carolina: August 6-8
- Tennessee: August 6-8
- Texas: August 20-22
- Virginia: August 6-8

Source: Federation of Tax Administrators

But other studies support what the critics of sales tax holidays have to say. A 2009 University of Michigan study said as much as 90 percent of increased sales during a sales tax holiday could be attributed to consumers merely shifting their buying from one time to another. And a 2001 study from the University of West Florida suggests that retailers raise prices during sales tax holidays, helping themselves to some of the savings intended for consumers. However, this kind of profit padding can be difficult to measure.

One thing most tax experts agree on is that a few days of tax breaks on selected items doesn't do much to stimulate a state's economy. The amount of money involved is too small, and the event is over too quickly. That was one reason why Georgia was quick to get rid of its back-to-school tax break this year. Typically, according to Alan Essig, executive director of the Georgia Policy and Budget Institute, the event would cost the state around \$15 million.

On the scale of Georgia's \$17 billion budget, that's not much. But during a budget crisis, every penny counts — especially in a state that's had to make significant cuts in education. As Essig puts it, "the idea of having a school tax holiday while laying off teachers and cutting school hours didn't make sense."

—Contact Joey Peters at [jpeters-temp@pewtrusts.org](mailto:jpeters-temp@pewtrusts.org)

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[State sales tax holidays escape budget axe](#) (08/13/2002)  
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##### Tax Holiday for School Supplies

By Laura Boma on Jul 29, 2010 11:08:32 PM

I don't remember this ever happening when my daughters were in the primary grades years ago, now they're 19 and 21. School supplies go on sale to begin with and at Walmart or Target you can get the very basic supplies at a very low cost. It's the backpacks and Five Star items that can cost you and then maybe the tax holiday helps more. If parents were smart, they wouldn't be listening to their kids whining and begging for the more expensive backpack. The kid(s) deal with what the parent(s) can afford. It's the college kids, where it will help more. I only hope that when my daughter returns in two weeks, that she can keep her receipts and have them adjusted when the tax-break starts, because she has to be in school on the 6th as an R.A.

Where's the tax holiday for the consumer that needs to save the money in this economy when a major appliance needs to be replaced?? I'm in retail and just feel awful when I see a disgruntled customer returning a sump-pump or water heater that has stopped running and now they have to replace it. Especially the elderly, many now ask for the Vet's discount to help them save on major purchases.

I know this is only my opinion, but I would guess that many people might tend to think the same thing.

[Report as Offensive](#)

##### Everyday Tax Holiday

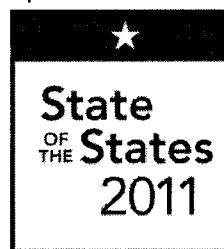
By Bryan Watkins on Jul 26, 2010 3:10:26 PM

I think legislators should pass a 365 day a year tax holiday. In addition I would like to applaud the journalists who wrote this piece; it is very balanced and shows that there are fact finders still in the business. I hope next time Joey and his cadres uncover crime and corruption on the Hill.

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