

POSSIBLE MOTION

I MOVE TO approve Ordinance 2012-06 A
on first reading.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2012-06 Amended

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING THE
SITKA GENERAL CODE BY REPEALING THE SALES TAX EXEMPTION
PROVISION CURRENTLY AT SITKA GENERAL CODE SUBSECTION
4.09.100Y FOR “EXEMPTION FOR RETIRED PERSONS WHO HAVE
REACHED THE AGE OF SIXTY-FIVE,” AND ADDING A NEW SECTION
4.09.105 ENTITLED “SALES TAX EXEMPTION FOR SITKA SENIOR
RESIDENTS”

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.** This ordinance repeals the current sales tax exemption subsection at SGC 4.09.100Y entitled “Exemption for Retired Persons Who Have Reached the Age of Sixty-Five” beginning January 1, 2013, and replaces it with a sales tax exemption section at SGC 4.09.105 entitled “Sales Tax Exemption for Sitka Senior Residents.” This change allows seniors who have reached the age of eligibility for full social security retirement benefits and residents of the City and Borough of Sitka to be exempt from sales taxes, removing the requirement that the senior be retired, but applying an income level means test. **Also, seniors who hold sales tax exemption cards that were issued under SGC 4.09.100Y for “Retired Persons Who Have Reached The Age Of Sixty-Five” will still qualify and are not subject to the income level means test and the age requirement for social security retirement benefits, as long as they meet all other qualifying requirements under this new exemption at SGC 4.09.105.** The key points of this ordinance are as follows:

- The Sitka Senior Resident Sales Tax Exemption program will begin on January 1, 2013, and replace the current program for seniors at SGC 4.09.100Y entitled “Exemption for Retired Persons Who Have Reached the Age of Sixty-Five.”
- An application for the Sitka Senior Resident Sales Tax Exemption program may be submitted during 2012 **no earlier than July 1, 2012** on or after the senior’s birthday, **otherwise after October 1, 2012 but before January 1, 2013.** Annually thereafter, a renewal application should be submitted on or before the

44 applicant's birthday. This will stagger the application process, and allow the
45 Finance Department to handle this new program.

46 • The senior will be required to apply for a Sitka Senior Resident Sales Tax
47 Exemption Card ("Card"), using an application form developed by the Finance
48 Department. Eligibility will be determined as of the date of the application.

49 • An eligible senior is any person who qualifies for full social security retirement
50 benefits, unless the person already has a sales tax exemption card issued
51 under SGC 4.09.100Y for "Retired Persons Who Have Reached The Age Of
52 Sixty-Five."

53 • The senior must be a Sitka resident.

54 • The Card application form requests certain proof to verify age and Sitka residency,
55 as well as a "Sworn Statement of Eligibility and Certification of Residency,"
56 which includes verifying income eligibility for those applicants subject to the
57 means test requirement. A first-time applicant subject to the means test
58 requirement will also be required to sign the IRS "Request for Copy of tax
59 Return" release for the senior's tax return(s).

60 • The income level means test requires that the Sitka senior's unadjusted gross
61 income be less than three timestwice the federal poverty guidelines gross income
62 level for Sitka as of the prior tax year. These guidelines are adjusted annually.
63 For example, the 2012 federal poverty guidelines for Sitka are \$14,459 for an
64 individual, and \$19,582 if there are two in the household. See attached chart at
65 Ex. A to this ordinance.

66 • Finance Department will verify income level based on random reviews or if there
67 is reasonable cause to suspect the senior's income level is above the means test
68 income level.

69 • A Card with a photo ID will be issued to all eligible applicants. A list of names of
70 anyup to seven persons who will be assisting the senior with purchases will be
71 added to the Card.

72 • The senior will need to present the Card when making any purchase. The person
73 assisting the senior will also need to present the Card when making a purchase,
74 and proof of that person's identification.

75 • If there is any material omissions or misrepresentations on the application process
76 for the Card by the senior or the qualified representative, the application will be
77 denied. If the material omissions or misrepresentations were by the senior, the
78 senior will be ineligible for any future Card, ~~and the denial publicized~~. All other
79 remedies for violating municipal code provisions also apply, including fines, civil
80 and criminal actions.

81 • If there is any misuse of the Card by the senior or anyone listing on the Card
82 assisting the senior with purchases, the Card will be voided, and the senior will be
83 ineligible for any future Card. ~~The loss of the Card will be publicized.~~ All other

84 remedies for violating municipal code provisions also apply, including fines, civil
85 and criminal actions.

- 86 • Purchases of alcohol or tobacco products are not exempt from payment of sales
87 taxes ~~when using the Card~~, beginning July 1, 2012.

88 The purpose of this Ordinance is to encourage voluntary compliance. The
89 Assembly trusts its seniors to comply with the requirements of this ordinance.

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91 4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the
92 Assembly of the City and Borough of Sitka that SGC Chapter 4.09 is amended by
93 repealing the provisions in SGC 4.09.100Y entitled “Exemption for Retired Persons Who
94 Have Reached the Age of Sixty-Five,” and adding SGC 4.09.105 entitled “Sales Tax
95 Exemption for Sitka Senior Residents,” as follows (new language underlined; deleted
96 language stricken):

97 **Chapter 4.09**
98 **SALES TAX**

99 **Sections:**

- 100 **4.09.010 Levy of sales tax.**
101 **4.09.020 Collection of tax.**
102 **4.09.030 Presumption of taxability—Sales price and purchase price.**
103 **4.09.040 Separate statement of tax—No advertising to absorb or refund tax.**
104 **4.09.100 Exemptions.**
105 **4.09.105 Tax exemptions for Sitka senior residents.**
106 **4.09.110 Residence construction tax refund.**
107 **4.09.120 Exemption from seasonal sales tax increase.**
108 **4.09.210 Exempt sales.**
109 **4.09.220 Exempt certificate—Form.**
110 **4.09.230 Exemption certificate—Requirements.**
111 **4.09.240 Improper use of subject of purchase obtained with exemption**
112 **certificate—Penalty.**
113 **4.09.250 Liability for payment of tax—Security for retailer without place of**
114 **business—Penalty.**
115 **4.09.260 Method of accounting.**
116 **4.09.270 Returns—Payment—Authority of city and borough of Sitka.**
117 **4.09.280 Form of return.**
118 **4.09.285 Additional information required from holders of conditional use**
119 **permits for short-term rentals in residential zones.**
120 **4.09.290 Substantiation of sales and exemptions.**
121 **4.09.300 Methods.**
122 **4.09.310 Deduction for bad debts.**

- 123 **4.09.320 Timely filing allowance.**
- 124 **4.09.330 Security—Limitations—Sales of security deposit at auction—Bond.**
- 125 **4.09.340 Taxpayer quitting business— Liability of successor.**
- 126 **4.09.350 Procedures on delinquencies.**
- 127 **4.09.360 Tax as debt.**
- 128 **4.09.370 Refunds and credits.**
- 129 **4.09.380 Period of limitation.**
- 130 **4.09.390 Taxes lien.**
- 131 **4.09.400 Rules and regulations.**
- 132 **4.09.405 Confidential and nonconfidential tax information.**
- 133 **4.09.410 Sales tax audits.**
- 134 **4.09.420 Definitions.**

* * *

135 **4.09.100 Exemptions.**

136 The following sales are exempt from taxation:

137 * * *

138 Y. Reserved. Exemption for Retired Persons Who Have Reached the Age of Sixty-

139 Five.

140 1. Any retired person, sixty five years of age or older, who is a resident of the

141 state of Alaska, may apply for and be issued by the finance director a senior citizen

142 sales tax exemption card which entitles the cardholder and the cardholder's spouse to

143 be exempt from sales tax for the purchase of goods, services or rentals which are

144 solely for the personal use or consumption of the cardholder or the cardholder's

145 spouse. This exemption does not apply for purchases for the cardholder or the

146 cardholder's spouse business venture(s), including but not limited to commercial

147 fishing.

148 2. Definitions.

149 a. To be considered "retired" under this section, both the applicant and

150 spouse must be substantially out of the labor force or, if still working nearly full

151 time, the pay received must be at a reduced rate from what the person earned

152 previously.

153 b. As used in this section, "resident of the state of Alaska" means a person

154 who is physically present in the state with the intent to remain in the state

155 indefinitely and to make a home in the state.

156 3. Verification.

157 a. The applicant, at the time of application for a senior citizen sales tax

158 exemption card, will provide a minimum of two pieces of identification to prove

159 Alaska residency. One of the identification documents must show birth date.

160 b. The applicant shall fill out a formal application which will

161 include a verification of their "intent to reside in Alaska."

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164 4. — ~~No seller shall charge or collect a sales tax on such a sale from any person~~
165 ~~who displays to the seller at the time of sale such a valid registration card unless the~~
166 ~~seller knows or has reason to know that the card is being presented in violation of this~~
167 ~~section.~~

168 5. — ~~A seller shall keep a record on any and all such exempt sales and shall~~
169 ~~submit to the municipality quarterly totals of such sales. A seller shall pay the sales~~
170 ~~tax on any such sale otherwise exempt but for which such exemption record has not~~
171 ~~been thus kept and submitted.~~

172 6. — ~~No person who has duly applied for and received such a registration card~~
173 ~~may use it to obtain such tax exemption unless the purchased item is used or~~
174 ~~consumed by the person duly holding such registration card or his or her spouse.~~

175 7. — ~~Violation of this section and SGC 4.09.105 is a misdemeanor punishable by~~
176 ~~a fine of not more than three hundred dollars or by imprisonment for not more than~~
177 ~~thirty days or by both; additionally, any the court may order that a registration card~~
178 ~~which has been used in a violation shall be surrendered to the court, which, in turn,~~
179 ~~shall returned the card to the finance director for cancellation and destruction. A~~
180 ~~person who has his or her tax exemption registration card thus canceled and destroyed~~
181 ~~shall not, for period of no less than one year after the court determination of violation,~~
182 ~~be eligible to apply for or receive a new tax exemption registration card.~~

183 8. — ~~A resident at least sixty years old, who otherwise qualifies for the~~
184 ~~exemption, and is the widow or widower of a person who qualified for the exemption~~
185 ~~under subsection A of this section, may apply for and be issued a senior citizen sales~~
186 ~~tax exemption card.~~

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190 **4.09.105 Sales Tax Exemption for Sitka Senior Residents.**

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192 A. Eligibility. A person may be exempt from paying sales taxes on the purchase of
193 goods, services or rentals if at the time of applying for an annual Sitka Senior
194 Resident Sales Tax Exemption Card (“Card”), the person:

- 195
196 1. Is of an age qualifying for full social security retirement benefits;
197
198 2. Is a resident of the City and Borough of Sitka;
199
200 3. Intends to remain a resident of the City and Borough of Sitka during the
201 exemption year; and
202
203 4. Has an unadjusted gross income for the prior tax year of less than three times
204 the annual federal poverty guidelines gross income for Sitka for the prior tax year.

205
206 **5. Notwithstanding subsection A.4 above regarding meeting the income level**
207 **means test and subsection A.1 regarding meeting qualification age for full social**
208 **security retirement benefits, has a sales tax exemption card issued under prior**
209 **SGC 4.09100Y for “Retired Persons Who Have Reached The Age Of Sixty-Five”,**
210 **and meets all other requirements of this section.**

211
212 **B. Definitions. For purposes of this section, the following words or terms shall**
213 **have the following meanings:**

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215 **1. “Exemption year” means the year beginning when the Card is issued, in**
216 **accordance with the procedures established by the Finance Director and this section.**

217
218 **2. “Resident” means a person who:**

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220 **a. is physically present in the City and Borough of Sitka during the exemption**
221 **year, and if absent, remains a resident during any absence from the City and**
222 **Borough of Sitka, and does not establish or claim residency in another city or**
223 **state, or perform other acts or is absent under circumstances that are inconsistent**
224 **with the intent required under this subsection to remain a resident of the City and**
225 **Borough of Sitka;**

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227 **b. intends to remain indefinitely and to make a home in the City and Borough**
228 **of Sitka; and**

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230 **c. demonstrates the intent required under this subsection by maintaining a**
231 **principal place of abode in the City and Borough of Sitka during the exemption**
232 **year, and by providing other proof of intent as may be required by the Finance**
233 **Director, including proof that the person is not claiming residency outside the City**
234 **and Borough of Sitka or obtaining benefits under a claim of residence outside the**
235 **City and Borough of Sitka; and**

236
237 **3. “Senior” means a person who meets the age requirement for full social security**
238 **retirement benefits, or who hold a sales tax exemption card issued under SGC**
239 **4.09.100Y for “Retired Persons Who Have Reached The Age Of Sixty-Five”.**

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241 **4. “Unadjusted gross income” means all income from any source to the applicant**
242 **or the applicant’s spouse or household, as would be stated on an IRS tax return if the**
243 **applicant files. This amount is based on the applicant’s tax filing status (i.e. single;**
244 **married filing jointly; head of household; etc.). This “unadjusted gross income” is the**
245 **amount of income that would be listed on an IRS tax returns prior to “adjusted gross**
246 **income.”**

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C. Application and Proof of Eligibility. The Finance Director will require the applicant to complete an application on forms developed by the Finance Department and to provide proof of eligibility, including the following information or documentation, and may consider other information to determine the eligibility of a person requesting a Card.

1. An application for the first year of the Sitka Resident Sales Tax Exemption program that begins on January 1, 2013 may be submitted as early as the applicant's 2012 birthday if it occurs after July 1, 2012, or otherwise after October 1, 2012 but before January 1, 2013. Eligible applicants whose applications are processed by the Finance Department shall be issued a Card that will expire on the applicants' 2013 birthday.

2. An annual application for a sales tax exemption using forms provided by the Finance Director must be completed and signed by the person eligible for the exemption, or qualified representative of an applicant, such as a guardian, conservator, personal representative, or person with power of attorney regarding financial matters.

3. The application must contain a current mailing address, and the applicant or applicant's qualified representative shall notify the sales tax office in writing of any change in that address.

4. The application submitted for the first time for this sales tax exemption must attach a copy of a government issued identification that lists the applicant's birthdate.

5. A first-time applicant that is subject to the income level means test shall sign an IRS "Request for Copy of Tax Return" release for the senior's tax return(s).

6. The application must also contain proof of City and Borough of Sitka residence for at least 30 days prior to the application.

7. The applicant or qualified representative shall complete and sign a "Sworn Statement of Eligibility and Certification of Residency" which is part of the application form, that provides in substantially the following form:

I certify that I am a resident of the City and Borough of Sitka on the date of this application. I have been a resident of the City and Borough of Sitka beginning at least 30 days before the application, and intend to remain a resident throughout the tax exemption year. ~~I intend to remain a resident of the City and Borough of Sitka.~~

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I understand that if I knowingly make any material misrepresentations or omissions regarding my eligibility for a Senior Resident Sales Tax Exemption Card, including my income **if I am subject to the income level means test**, I will forfeit and permanently lose any right to the exemption, and be subject to a fine and/or other civil or criminal action.

I further agree to be subject to periodic reviews by the Finance Department regarding Card eligibility, or upon reasonable suspicion regarding my eligibility.

D. Senior Resident Sales Tax Exemption Card ("Card").

1. A Card with a photo ID will be issued to all eligible applicants. A list of names of any person who will be assisting the senior with purchases will be added to the Card.

2. The Card must be submitted by the Senior or a person listed on the Card who is assisting the senior each time there is a purchase of goods, services or rentals in order for such sales not to be taxable under the sales tax provisions of SGC 4.09. The person listed on the Card assisting the senior shall also present proof of that person's identification each time there is a purchase of goods, services or rentals in order for such sales not to be taxable under the sales tax provisions of SGC 4.09.

3. The Card may not be used for purchasing tobacco products or alcoholic beverages, which are not exempt from sales taxes under the Sitka Senior Resident Sales Tax Exemption, beginning July 1, 2012.

4. The Card shall be submitted back to the Finance Department by the senior or the qualified representative if the senior loses residency status at any time during the exemption year.

E. Penalty.

1. If the Finance Director determines, subject to a final administrative appeal to the Municipal Administrator, that the applicant or the person filing on behalf of the applicant, knowingly or recklessly made a material false or misleading statement or omission on the application or in the submission of the eligibility proof, the following penalties shall be applied, in addition to any other penalties, fines, or criminal or civil legal actions:

a. The application will be denied;

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b. The applicant shall be ineligible for any future Card if it was the applicant who made the false or misleading statement or omission on the application or during the application review process; and

c. The person making the false or misleading statement or omission on the application or during the application review process shall be subject to a fine.; and

d. The denial of the application will be publicized if the senior made the material false or misleading statement or omission on the application or in the submission of the eligibility proof.

2. If the Finance Director determines, subject to a final administrative appeal to the Municipal Administrator, that the senior or the person listed on the Card assisting the senior knowingly or recklessly misuses the Card in violation of this subsection, the following penalties shall be applied, in addition to any other penalties, fines, or criminal or civil legal actions:

a. The Card will be voided;

b. The senior shall be ineligible for any future Card;

c. The person misusing the Card shall be subject to a fine.; and

d. The Card revocation will be publicized if the senior knowingly or recklessly misuses the Card.

5. **EFFECTIVE DATE.** This ordinance shall become effective on January 1, 2013, if passed by the Assembly of the City and Borough of Sitka, except for Subsection 4.09.105D.3 **regarding tobacco products or alcoholic beverages being no longer exempt from sales taxes,** which is effective July 1, 2012.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this ____ day of _____, 2012.

Cheryl Westover, Mayor

ATTEST:

Colleen Ingman, MMC
Municipal Clerk

Social Security Online
Benefits Planner

Retirement Planner



Retirement benefits by year of birth

(Español)

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No matter what your full retirement age (also called "normal retirement age") is, you may start receiving benefits as early as age 62 or as late as age 70.

[Estimate Your
Life Expectancy](#)

If you retire early

You can retire at any time between age 62 and full retirement age. However, if you start benefits early, your benefits are reduced a fraction of a percent for each month before your full retirement age.

The chart below lists age 62 reduction amounts and includes examples based on an estimated monthly benefit of \$1000 at full retirement age. **Click on your year of birth** to find out how much your benefit will be reduced if you retire between age 62 and full retirement age.

Note: If your birthday is on January 1st, we figure your benefit as if your birthday was in the previous year.

Full Retirement and Age 62 Benefit By Year Of Birth

Year of Birth ^{1.}	Full (normal) Retirement Age	Months between age 62 and full retirement age ^{2.}	At Age 62 ^{3.}			
			A \$1000 retirement benefit would be reduced to	The retirement benefit is reduced by ^{4.}	A \$500 spouse's benefit would be reduced to	The spouse's benefit is reduced by ^{5.}
1937 or earlier	65	36	\$800	20.00%	\$375	25.00%
1938	65 and 2 months	38	\$791	20.83%	\$370	25.83%
1939	65 and 4 months	40	\$783	21.67%	\$366	26.67%
1940	65 and 6 months	42	\$775	22.50%	\$362	27.50%
1941	65 and 8 months	44	\$766	23.33%	\$358	28.33%
1942		46	\$758	24.17%	\$354	29.17%

	65 and 10 months					
<u>1943- 1954</u>	66	48	\$750	25.00%	\$350	30.00%
<u>1955</u>	66 and 2 months	50	\$741	25.83%	\$345	30.83%
<u>1956</u>	66 and 4 months	52	\$733	26.67%	\$341	31.67%
<u>1957</u>	66 and 6 months	54	\$725	27.50%	\$337	32.50%
<u>1958</u>	66 and 8 months	56	\$716	28.33%	\$333	33.33%
<u>1959</u>	66 and 10 months	58	\$708	29.17%	\$329	34.17%
<u>1960 and later</u>	67	60	\$700	30.00%	\$325	35.00%

1. If you were born on January 1st, you should refer to the previous year.
2. If you were born on the 1st of the month, we figure your benefit (and your full retirement age) as if your birthday was in the previous month. If you were born on January 1st, we figure your benefit (and your full retirement age) as if your birthday was in December of the previous year.
3. You must be at least 62 for the entire month to receive benefits.
4. Percentages are approximate due to rounding.
5. The maximum benefit for the spouse is 50% of the benefit the worker would receive at full retirement age. The % reduction for the spouse should be applied after the automatic 50% reduction. Percentages are approximate due to rounding.

Pros and Cons

As a general rule, early or late retirement will give you about the same total Social Security benefits over your lifetime. If you retire early, the monthly benefit amounts will be smaller to take into account the longer period you will receive them. If you retire late, you will get benefits for a shorter period of time but the monthly amounts will be larger to make up for the months when you did not receive anything.

There are advantages and disadvantages to taking your benefit before your full retirement age. The advantage is that you collect benefits for a longer period of time. The disadvantage is your benefit is reduced. Each person's situation is different, so

- remember that, if you delay your benefits until after full retirement age, you may be eligible for

delayed retirement credits that would increase your monthly benefit;

- keep in mind that there are other things to consider when making the correct decision about your retirement benefits and
- contact Social Security before you decide when to retire.

Note: If you decide to delay your benefits until after age 65, you should still **apply for Medicare benefits** within three months of your 65th birthday. If you wait longer, your Medicare medical insurance (Part B) and prescription drug coverage (Part D) may cost you more money.

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Last reviewed or modified Monday Apr 30, 2012

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DRAFT

**CITY AND BOROUGH OF SITKA
SITKA, ALASKA
APPLICATION FOR RESIDENT SENIOR CITIZEN SALES TAX EXEMPTION CARD**

Name: _____

Physical Address in Sitka Where You Currently Reside:

Mailing Address:

Contact Information:

Telephone: _____

Mobile: _____

E-Mail: _____

Birth Date : _____

Grandfathered Status

I hereby certify that I have possessed a Senior Citizen Sales Tax Exemption Card under the previous conditions specified by SGC 4.09.100Y and am hereby exempted from meeting the requirements of qualification age for full Social Security benefits and income level means test

Yes _____ No _____

Card # _____

Eligibility Determination Questions

I hereby certify that I am eligible for a Senior Citizen Sales Tax Exemption Card By answering "Yes" to all of the following questions (any "No" answer will disqualify me from obtaining a Card):

1. I am of an age qualifying for full Social Security retirement benefits Yes _____ No _____

Exempt Due to Grandfathering Yes _____

2. I am a resident of the City and Borough of Sitka Yes _____ No _____

3. My (our) unadjusted gross income for Federal income tax purposes in my most previous tax year was under (Select appropriate line)

Exempt Due to Grandfathering Yes _____

\$40,800 for a household consisting of just myself Yes _____ No _____

\$55,140 for a household consisting of myself and one other individual

Yes _____ No _____

Qualifying amount for a household consisting of myself and two or more other

individuals (See Clerk for amounts) Yes _____ No _____

Sworn Statement of Eligibility and Certification of Residency

I certify that I am a resident of the City and Borough of Sitka on the date of this application. I have been a resident of the City and Borough of Sitka beginning at least 30 days before the date of this application and intend to remain a resident throughout the tax exemption year.

I understand that if I knowingly make any material misrepresentations or omissions regarding my eligibility for a Senior Citizen Resident Sales Tax Exemption Card, including my income if I am subject to the income level means test, I will forfeit and permanently lose any right to the exemption and be subject to a fine and/or other civil or criminal action.

I further agree to be subject to periodic reviews by the Finance Department regarding Card eligibility, or upon suspicion regarding my eligibility.

Signature _____

Date _____

Card # _____ (Completed by Finance Personnel)

ALASKA COURT SYSTEM
OFFICE OF THE ADMINISTRATIVE DIRECTOR
ADMINISTRATIVE BULLETIN NO. 65
(Amended February 6, 2012)

TO: ALL HOLDERS OF ADMINISTRATIVE BULLETIN SETS:

All Justices	Senior Staff
All Judges	Court Analysts
Area Court Administrators	Central Services Manager
Clerk of the Appellate Courts	Judicial Services
Rural Training Assistants	APD Warrants
All Full-Time Clerks of Court	
All Magistrates	
Law Libraries at Anchorage, Fairbanks, Juneau & Ketchikan	

SUBJECT: Adjusted Federal Poverty Guidelines Amount For Each Court Location

Criminal Rule 39.1(j) requires the administrative director to publish annually an administrative bulletin specifying the adjusted federal poverty guidelines amount for each court location. These amounts are shown on the attached chart.

Dated: February 6, 2012

/s/

Christine E. Johnson
Administrative Director

Effective April 1, 2012– March 31, 2013

* Criminal Rule 39.1 specifies the procedure courts must follow to determine eligibility for court-appointed counsel in a criminal case.

Alaska Court System
2012 Adjusted Federal Poverty Guidelines by Court Location
Admin. Bulletin 65 p. 2 (corrected 2/6/12)

Court Location	Annual Gross Income								
	Household Size								Each Add'l Person
	1	2	3	4	5	6	7	8	
Anchorage	\$ 13,970	\$ 18,920	\$ 23,870	\$ 28,820	\$ 33,770	\$ 38,720	\$ 43,670	\$ 48,620	\$ 4,950
Angoon	14,459	19,582	24,705	29,829	34,952	40,075	45,198	50,322	5,123
Aniak	18,371	24,880	31,389	37,898	44,408	50,917	57,426	63,935	6,509
Barrow	18,371	24,880	31,389	37,898	44,408	50,917	57,426	63,935	6,509
Bethel	17,882	24,218	30,554	36,890	43,226	49,562	55,898	62,234	6,336
Chevak/Hooper Bay	17,882	24,218	30,554	36,890	43,226	49,562	55,898	62,234	6,336
Cordova	15,926	21,569	27,212	32,855	38,498	44,141	49,784	55,427	5,643
Craig	13,970	18,920	23,870	28,820	33,770	38,720	43,670	48,620	4,950
Delta Junction	15,926	21,569	27,212	32,855	38,498	44,141	49,784	55,427	5,643
Dillingham	17,393	23,555	29,718	35,881	42,044	48,206	54,369	60,532	6,163
Emmonak	17,882	24,218	30,554	36,890	43,226	49,562	55,898	62,234	6,336
Fairbanks	15,926	21,569	27,212	32,855	38,498	44,141	49,784	55,427	5,643
Ft. Yukon	18,371	24,880	31,389	37,898	44,408	50,917	57,426	63,935	6,509
Galena	18,371	24,880	31,389	37,898	44,408	50,917	57,426	63,935	6,509
Gambell	18,371	24,880	31,389	37,898	44,408	50,917	57,426	63,935	6,509
Glennallen	15,926	21,569	27,212	32,855	38,498	44,141	49,784	55,427	5,643
Haines	14,948	20,244	25,541	30,837	36,134	41,430	46,727	52,023	5,297
Healy	18,371	24,880	31,389	37,898	44,408	50,917	57,426	63,935	6,509
Homer	14,948	20,244	25,541	30,837	36,134	41,430	46,727	52,023	5,297
Hoonah	14,948	20,244	25,541	30,837	36,134	41,430	46,727	52,023	5,297
Juneau	13,970	18,920	23,870	28,820	33,770	38,720	43,670	48,620	4,950
Kake	14,459	19,582	24,705	29,829	34,952	40,075	45,198	50,322	5,123
Kenai	14,948	20,244	25,541	30,837	36,134	41,430	46,727	52,023	5,297
Ketchikan	13,970	18,920	23,870	28,820	33,770	38,720	43,670	48,620	4,950
Kiana	18,371	24,880	31,389	37,898	44,408	50,917	57,426	63,935	6,509
Kodiak	14,948	20,244	25,541	30,837	36,134	41,430	46,727	52,023	5,297
Kotzebue	18,371	24,880	31,389	37,898	44,408	50,917	57,426	63,935	6,509
McGrath	18,371	24,880	31,389	37,898	44,408	50,917	57,426	63,935	6,509
Naknek	17,393	23,555	29,718	35,881	42,044	48,206	54,369	60,532	6,163
Nenana	17,882	24,218	30,554	36,890	43,226	49,562	55,898	62,234	6,336
Nome	18,371	24,880	31,389	37,898	44,408	50,917	57,426	63,935	6,509
Noorvik	18,371	24,880	31,389	37,898	44,408	50,917	57,426	63,935	6,509
Palmer	14,459	19,582	24,705	29,829	34,952	40,075	45,198	50,322	5,123
Pelican	14,948	20,244	25,541	30,837	36,134	41,430	46,727	52,023	5,297
Petersburg	14,459	19,582	24,705	29,829	34,952	40,075	45,198	50,322	5,123
Point Hope	18,371	24,880	31,389	37,898	44,408	50,917	57,426	63,935	6,509
Sand Point	17,393	23,555	29,718	35,881	42,044	48,206	54,369	60,532	6,163
Savoonga	18,371	24,880	31,389	37,898	44,408	50,917	57,426	63,935	6,509
Selawik	18,371	24,880	31,389	37,898	44,408	50,917	57,426	63,935	6,509
Seward	14,948	20,244	25,541	30,837	36,134	41,430	46,727	52,023	5,297
Shungnak/Ambler	18,371	24,880	31,389	37,898	44,408	50,917	57,426	63,935	6,509
Sitka	14,459	19,582	24,705	29,829	34,952	40,075	45,198	50,322	5,123
Skagway	14,948	20,244	25,541	30,837	36,134	41,430	46,727	52,023	5,297
St. Marys	17,882	24,218	30,554	36,890	43,226	49,562	55,898	62,234	6,336
St. Paul	17,393	23,555	29,718	35,881	42,044	48,206	54,369	60,532	6,163
Tanana	18,371	24,880	31,389	37,898	44,408	50,917	57,426	63,935	6,509
Tok	15,926	21,569	27,212	32,855	38,498	44,141	49,784	55,427	5,643
Unalakleet	18,371	24,880	31,389	37,898	44,408	50,917	57,426	63,935	6,509
Unalaska	17,393	23,555	29,718	35,881	42,044	48,206	54,369	60,532	6,163
Valdez	16,415	22,231	28,047	33,864	39,680	45,496	51,312	57,129	5,816
Whittier	15,926	21,569	27,212	32,855	38,498	44,141	49,784	55,427	5,643
Wrangell	14,459	19,582	24,705	29,829	34,952	40,075	45,198	50,322	5,123
Yakutat	14,948	20,244	25,541	30,837	36,134	41,430	46,727	52,023	5,297

Request for Copy of Tax Return

► Request may be rejected if the form is incomplete or illegible.

Tip. You may be able to get your tax return or return information from other sources. If you had your tax return completed by a paid preparer, they should be able to provide you a copy of the return. The IRS can provide a **Tax Return Transcript** for many returns free of charge. The transcript provides most of the line entries from the original tax return and usually contains the information that a third party (such as a mortgage company) requires. See **Form 4506-T, Request for Transcript of Tax Return**, or you can quickly request transcripts by using our automated self-help service tools. Please visit us at IRS.gov and click on "Order a Transcript" or call 1-800-908-9946.

1a Name shown on tax return. If a joint return, enter the name shown first.	1b First social security number on tax return, individual taxpayer identification number, or employer identification number (see instructions)
2a If a joint return, enter spouse's name shown on tax return.	2b Second social security number or individual taxpayer identification number if joint tax return
3 Current name, address (including apt., room, or suite no.), city, state, and ZIP code (see instructions)	
4 Previous address shown on the last return filed if different from line 3 (see instructions)	
5 If the tax return is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number.	

Caution. If the tax return is being mailed to a third party, ensure that you have filled in lines 6 and 7 before signing. Sign and date the form once you have filled in these lines. Completing these steps helps to protect your privacy. Once the IRS discloses your IRS return to the third party listed on line 5, the IRS has no control over what the third party does with the information. If you would like to limit the third party's authority to disclose your return information, you can specify this limitation in your written agreement with the third party.

6 **Tax return requested.** Form 1040, 1120, 941, etc. and all attachments as originally submitted to the IRS, including Form(s) W-2, schedules, or amended returns. Copies of Forms 1040, 1040A, and 1040EZ are generally available for 7 years from filing before they are destroyed by law. Other returns may be available for a longer period of time. Enter only one return number. If you need more than one type of return, you must complete another Form 4506. ► _____

Note. If the copies must be certified for court or administrative proceedings, check here

7 **Year or period requested.** Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than eight years or periods, you must attach another Form 4506.

8 Fee. There is a \$57 fee for each return requested. Full payment must be included with your request or it will be rejected. Make your check or money order payable to "United States Treasury." Enter your SSN or EIN and "Form 4506 request" on your check or money order.	
a Cost for each return	\$ 57.00
b Number of returns requested on line 7	
c Total cost. Multiply line 8a by line 8b	\$

9 If we cannot find the tax return, we will refund the fee. If the refund should go to the third party listed on line 5, check here

Caution. Do not sign this form unless all applicable lines have been completed.

Signature of taxpayer(s). I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax return requested. If the request applies to a joint return, either husband or wife must sign. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506 on behalf of the taxpayer. **Note.** For tax returns being sent to a third party, this form must be received within 120 days of the signature date.

Sign Here	Phone number of taxpayer on line 1a or 2a
Signature (see instructions)	Date
Title (if line 1a above is a corporation, partnership, estate, or trust)	
Spouse's signature	Date

Section references are to the Internal Revenue Code unless otherwise noted.

What's New

The IRS has created a page on IRS.gov for information about Form 4506 and its instructions, at www.irs.gov/form4506. Information about any recent developments affecting Form 4506, Form 4506T and Form 4506T-EZ will be posted on that page.

General Instructions

Caution. Do not sign this form unless all applicable lines have been completed.

Purpose of form. Use Form 4506 to request a copy of your tax return. You can also designate (on line 5) a third party to receive the tax return.

How long will it take? It may take up to 60 calendar days for us to process your request.

Tip. Use Form 4506-T, Request for Transcript of Tax Return, to request tax return transcripts, tax account information, W-2 information, 1099 information, verification of non-filing, and record of account.

Automated transcript request. You can quickly request transcripts by using our automated self-help service tools. Please visit us at IRS.gov and click on "Order a Transcript" or call 1-800-908-9946.

Where to file. Attach payment and mail Form 4506 to the address below for the state you lived in, or the state your business was in, when that return was filed. There are two address charts: one for individual returns (Form 1040 series) and one for all other returns.

If you are requesting a return for more than one year and the chart below shows two different addresses, send your request to the address based on the address of your most recent return.

Chart for individual returns (Form 1040 series)

If you filed an individual return and lived in:	Mail to the "Internal Revenue Service" at:
Alabama, Kentucky, Louisiana, Mississippi, Tennessee, Texas, a foreign country, American Samoa, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, or A.P.O. or F.P.O. address	RAIVS Team Stop 6716 AUSC Austin, TX 73301
Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, Wisconsin, Wyoming	RAIVS Team Stop 37106 Fresno, CA 93888
Connecticut, Delaware, District of Columbia, Florida, Georgia, Maine, Maryland, Massachusetts, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia	RAIVS Team Stop 6705 P-6 Kansas City, MO 64108

Chart for all other returns

If you lived in or your business was in:	Mail to the "Internal Revenue Service" at:
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming, a foreign country, or A.P.O. or F.P.O. address	RAIVS Team P.O. Box 9941 Mail Stop 6734 Ogden, UT 84409
Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin	RAIVS Team P.O. Box 145500 Stop 2800 F Cincinnati, OH 45250

Specific Instructions

Line 1b. Enter your employer identification number (EIN) if you are requesting a copy of a business return. Otherwise, enter the first social security number (SSN) or your individual taxpayer identification number (ITIN) shown on the return. For example, if you are requesting Form 1040 that includes Schedule C (Form 1040), enter your SSN.

Line 3. Enter your current address. If you use a P.O. box, please include it on this line 3.

Line 4. Enter the address shown on the last return filed if different from the address entered on line 3.

Note. If the address on Lines 3 and 4 are different and you have not changed your address with the IRS, file Form 8822, Change of Address.

Signature and date. Form 4506 must be signed and dated by the taxpayer listed on line 1a or 2a. If you completed line 5 requesting the return be sent to a third party, the IRS must receive Form 4506 within 120 days of the date signed by the taxpayer or it will be rejected. Ensure that all applicable lines are completed before signing.

Individuals. Copies of jointly filed tax returns may be furnished to either spouse. Only one signature is required. Sign Form 4506 exactly as your name appeared on the original return. If you changed your name, also sign your current name.

Corporations. Generally, Form 4506 can be signed by: (1) an officer having legal authority to bind the corporation, (2) any person designated by the board of directors or other governing body, or (3) any officer or employee on written request by any principal officer and attested to by the secretary or other officer.

Partnerships. Generally, Form 4506 can be signed by any person who was a member of the partnership during any part of the tax period requested on line 7.

All others. See section 6103(e) if the taxpayer has died, is insolvent, is a dissolved corporation, or if a trustee, guardian, executor, receiver, or administrator is acting for the taxpayer.

Documentation. For entities other than individuals, you must attach the authorization document. For example, this could be the letter from the principal officer authorizing an employee of the corporation or the letters testamentary authorizing an individual to act for an estate.

Signature by a representative. A representative can sign Form 4506 for a taxpayer only if this authority has been specifically delegated to the representative on Form 2848, line 5. Form 2848 showing the delegation must be attached to Form 4506.

Privacy Act and Paperwork Reduction Act Notice

We ask for the information on this form to establish your right to gain access to the requested return(s) under the Internal Revenue Code. We need this information to properly identify the return(s) and respond to your request. If you request a copy of a tax return, sections 6103 and 6109 require you to provide this information, including your SSN or EIN, to process your request. If you do not provide this information, we may not be able to process your request. Providing false or fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file Form 4506 will vary depending on individual circumstances. The estimated average time is: **Learning about the law or the form, 10 min.; Preparing the form, 16 min.; and Copying, assembling, and sending the form to the IRS, 20 min.**

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 4506 simpler, we would be happy to hear from you. You can write to:

Internal Revenue Service
Tax Products Coordinating Committee
SE:W:CAR:MP:T:T:SP
1111 Constitution Ave. NW, IR-6526
Washington, DC 20224.

Do not send the form to this address. Instead, see **Where to file** on this page.

Form **1040** Department of the Treasury—Internal Revenue Service (99) **U.S. Individual Income Tax Return**

2011

OMB No. 1545-0074

IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2011, or other tax year beginning

, 2011, ending

, 20

See separate instructions.

Your first name and initial

Last name

Your social security number

If a joint return, spouse's first name and initial

Last name

Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions.

Apt. no.

▲ Make sure the SSN(s) above and on line 6c are correct.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).

Presidential Election Campaign

Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. You Spouse

Foreign country name

Foreign province/country

Foreign postal code

Filing Status

1 Single

2 Married filing jointly (even if only one had income)

3 Married filing separately. Enter spouse's SSN above and full name here. ▶

4 Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶

5 Qualifying widow(er) with dependent child

Check only one box.

Exemptions

6a Yourself. If someone can claim you as a dependent, do not check box 6a

b Spouse

c Dependents:

(1) First name

Last name

(2) Dependent's social security number

(3) Dependent's relationship to you

(4) If child under age 17 qualifying for child tax credit (see instructions)

Boxes checked on 6a and 6b

No. of children on 6c who:

• lived with you
• did not live with you due to divorce or separation (see instructions)

Dependents on 6c not entered above

Add numbers on lines above ▶

d Total number of exemptions claimed

If more than four dependents, see instructions and check here

Income

7	Wages, salaries, tips, etc. Attach Form(s) W-2				7
8a	Taxable interest. Attach Schedule B if required				8a
9	Tax-exempt interest. Do not include on line 8a		8b		
9a	Ordinary dividends. Attach Schedule B if required				9a
9b	Qualified dividends		9b		
10	Taxable refunds, credits, or offsets of state and local income taxes				10
11	Alimony received				11
12	Business income or (loss). Attach Schedule C or C-EZ				12
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>				13
14	Other gains or (losses). Attach Form 4797				14
15a	IRA distributions	15a		b Taxable amount	15b
16a	Pensions and annuities	16a		b Taxable amount	16b
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E				17
18	Farm income or (loss). Attach Schedule F				18
19	Unemployment compensation				19
20a	Social security benefits	20a		b Taxable amount	20b
21	Other income. List type and amount				21
22	Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶				22

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see instructions.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

Adjusted Gross Income

23	Educator expenses	23		
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24		
25	Health savings account deduction. Attach Form 8889	25		
26	Moving expenses. Attach Form 3903	26		
27	Deductible part of self-employment tax. Attach Schedule SE	27		
28	Self-employed SEP, SIMPLE, and qualified plans	28		
29	Self-employed health insurance deduction	29		
30	Penalty on early withdrawal of savings	30		
31a	Alimony paid b Recipient's SSN ▶	31a		
32	IRA deduction	32		
33	Student loan interest deduction	33		
34	Tuition and fees. Attach Form 8917	34		
35	Domestic production activities deduction. Attach Form 8903	35		
36	Add lines 23 through 35	36		
37	Subtract line 36 from line 22. This is your adjusted gross income ▶	37		

Tax and Credits

38 Amount from line 37 (adjusted gross income) 38

39a Check You were born before January 2, 1947, Blind. Total boxes checked 39a
 if: Spouse was born before January 2, 1947, Blind.

b If your spouse itemizes on a separate return or you were a dual-status alien, check here 39b

40 Itemized deductions (from Schedule A) or your standard deduction (see left margin) 40

41 Subtract line 40 from line 38 41

42 Exemptions. Multiply \$3,700 by the number on line 6d. 42

43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0- 43

44 Tax (see instructions). Check if any from: a Form(s) 8814 b Form 4972 c 962 election 44

45 Alternative minimum tax (see instructions). Attach Form 6251 45

46 Add lines 44 and 45 46

47 Foreign tax credit. Attach Form 1116 if required 47

48 Credit for child and dependent care expenses. Attach Form 2441 48

49 Education credits from Form 8863, line 23 49

50 Retirement savings contributions credit. Attach Form 8880 50

51 Child tax credit (see instructions) 51

52 Residential energy credits. Attach Form 5695 52

53 Other credits from Form: a 3800 b 8801 c 53

54 Add lines 47 through 53. These are your total credits 54

55 Subtract line 54 from line 46. If line 54 is more than line 46, enter -0- 55

Other Taxes

56 Self-employment tax. Attach Schedule SE 56

57 Unreported social security and Medicare tax from Form: a 4137 b 8919 57

58 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required 58

59a Household employment taxes from Schedule H 59a

b First-time homebuyer credit repayment. Attach Form 5405 if required 59b

60 Other taxes. Enter code(s) from instructions 60

61 Add lines 55 through 60. This is your total tax 61

Payments

62 Federal income tax withheld from Forms W-2 and 1099 62

63 2011 estimated tax payments and amount applied from 2010 return 63

64a Earned income credit (EIC) 64a

b Nontaxable combat pay election 64b

65 Additional child tax credit. Attach Form 8812 65

66 American opportunity credit from Form 8863, line 14 66

67 First-time homebuyer credit from Form 5405, line 10 67

68 Amount paid with request for extension to file 68

69 Excess social security and tier 1 RRTA tax withheld 69

70 Credit for federal tax on fuels. Attach Form 4136 70

71 Credits from Form: a 2439 b 8839 c 8801 d 8885 71

72 Add lines 62, 63, 64a, and 65 through 71. These are your total payments 72

Refund

73 If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you overpaid 73

74a Amount of line 73 you want refunded to you. If Form 8888 is attached, check here 74a

Direct deposit? See instructions.

b Routing number c Type: Checking Savings

d Account number

75 Amount of line 73 you want applied to your 2012 estimated tax 75

Amount You Owe

76 Amount you owe. Subtract line 72 from line 61. For details on how to pay, see instructions 76

77 Estimated tax penalty (see instructions) 77

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? Yes. Complete below. No

Designee's name Phone no. Personal identification number (PIN)

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature Date Your occupation Daytime phone number

Spouse's signature. If a joint return, both must sign. Date Spouse's occupation If the IRS sent you an Identity Protection PIN, enter it here (see inst.)

Paid Preparer Use Only

Print/Type preparer's name Preparer's signature Date Check if self-employed PTIN

Firm's name Firm's EIN

Firm's address Phone no.

Motion History for Ordinance 2012-06

February 14, 2012

A motion was made by Reif that this Ordinance be AMENDED by striking on Line 251 "I intend to remain a resident of the City and Borough of Sitka." The motion PASSED by the following vote.

Yes: 6 - Westover, McConnell, Blake, Christianson, Esquiro, and Reif

A motion was made by Christianson that this Ordinance be AMENDED at Line 171 by inserting after rentals "solely for the personal use and consumption of a member of the Sitka Senior resident's household" and to reflect the change in the purpose section. The motion PASSED by the following vote.

Yes: 6 - Westover, McConnell, Blake, Christianson, Esquiro, and Reif

A motion was made by Christianson that this Ordinance be AMENDED at line 268 by inserting a maximum of 7. The motion PASSED by the following vote.

Yes: 6 - Westover, McConnell, Blake, Christianson, Esquiro, and Reif

A motion was made by Christianson that this Ordinance be PASSED ON FIRST READING. The motion PASSED by the following vote.

Yes: 6 - Westover, McConnell, Blake, Christianson, Esquiro, and Reif

February 28, 2012

A motion was made by Reif that this Ordinance be AMENDED by deleting "and members of their household" throughout the ordinance. The motion to AMEND PASSED by the following vote.

Yes: 6 - Westover, McConnell, Christianson, Esquiro, Reif, and Hackett

A motion was made by Christianson that this Ordinance be PASSED ON FIRST READING as AMENDED. The motion PASSED by the following vote.

Yes: 6 - Westover, McConnell, Christianson, Esquiro, Reif, and Hackett

March 13, 2012

A motion was made by Hackett that this Ordinance be POSTPONED to the March 27 Assembly meeting. The motion PASSED by a unanimous vote.

March 27, 2012

A motion was made by Hackett to amend Ordinance 2012-06 by adding or amending the following provisions:

1. SGC 4.09.105A.5 at line 186 add:

Notwithstanding subsection A.4 above, if the applicant has a sales tax exemption card issued under prior SGC 4.09.100Y for "Retired Persons Who Have Reached The Age of Sixty-Five," and meets all other requirements of this section;

2. Purpose section at line 29, by adding the following sentence:

Seniors who hold sales tax exemption cards that were issued under SGC 4.09.100 Y for "Retired Persons Who Have Reached The Age of Sixty-Five" will still qualify and are not subject to the income level means test, as long as the seniors meet all other requirements under this new exemption at SGC 4.09.105.

A motion was made by Reif that this Ordinance be POSTPONED to the May 22, 2012 Assembly meeting. The motion PASSED by the following vote.

Yes: 4 - McConnell, Christianson, Esquiro, and Reif

No: 3 - Westover, Blake, and Hackett

May 22, 2012

A motion was made by Christianson that this Ordinance be POSTPONED to the May 29, 2012 Assembly Meeting. The motion PASSED by the following vote.

Yes: 6 - Westover, McConnell, Blake, Christianson, Esquiro, Reif, and Hackett

previous comments. She urged the need to expand marketing to Sitka. Gerry Hope spoke on behalf of Alaska Native Brotherhood Building, which was also in high demand and had a similar situation - how to get enough revenue to stay in operation. They found when they charged the dance groups that they used the facility less. Annette Becker, Sitka Youth Advocates, used it around 20 times last year primarily for training and greatly appreciated it. Sabra Jenkins, Oceanwave Quilters, noted the group was planning their 30th Anniversary and wondered if it would be their last show. Pat Alexander spoke to the unintended consequences; this could cause less revenue. Pat Kehoe mentioned the number of organizations that use HCH and that it was a part of the heart of Sitka. Kehoe noted the City needed to do what they could to keep downtown vital and the Centennial Building was a big part of that. Fire Chief Dave Miller informed the Alaska State Firefighters used the building for free but brought in 300 people and a fair amount of money. He noted the EMS Symposium was also held at HCH every other year. He stated locals were able to attend for free. With 80 volunteers to train, it would mean additional travel dollars. He advocated for doubling the size of HCH. Alicia Olsen of the Sitka Seafood Festival relayed they had contracts out with the Food Network and Travel Channel. There was potential to grow in this arena. Ryan Kauffman emphasized the importance of the building to the community. He spoke against the fee change. Linda Wilson spoke to the quality of life in Sitka and the events held at HCH. Ron Field understood both sides; when people used the building to make a profit they should pay. Many of those testifying thanked and complimented the HCH staff for their work.

Assembly Deliberation:

In response to a question by Reif, Kluting estimated \$44,000 in additional revenue would be generated from the rate changes. Kluting believed the nonprofits would go elsewhere thereby reducing the estimated increase by half. Reif was willing to continue looking at the extended hours portion but not the rate increase. Christianson believed the rate changes would result in a loss of funds. He reminded of the economic activity that was generated from the building; there would not be enough money to make a difference to the City, but enough to make a difference to the users. McConnell, involved in many non-profits, did not favor changing the rate system but would be willing to discuss hours. Westover and Hackett wished to discuss the hours of operation. She asked for the Administrator's assistance in placing a survey on the City website regarding HCH hours. Esquiro hoped to get some recommendations on how to reduce the cost of operation for the building. He challenged citizens to come up with solutions.

X. NEW BUSINESS:

New Business First Reading

G ORD 12-06

Amending the Sitka General Code by repealing the sales tax exemption provision currently at Sitka General Code subsection 4.09.100Y for "exemption for retired persons who have reached the age of sixty-five," and adding a new section 4.09.105 entitled "Sales Tax Exemption for Sitka Senior Residents or Members of their households"

Mayor Westover asked Administrator Dinley to explain the comment that former Finance Director Dave Wolff made at the last meeting with regard to the amount of money in reserves. Dinley explained the City had roughly \$9.7 m which the City had set aside for emergencies. The amount did not take into consideration scheduled accounts payable or future commitments that would be invoiced. He also reminded the City had no dedicated funding set aside for all of its infrastructure. For example; the City thought they had a healthy sinking fund for vehicles and learned they only had 40% of what they thought they had.

Eugene Solovyov suggested the idea of a deep water dock downtown to raise revenues. He contended passengers would spend more time in town and bigger ships could be accommodated. He said the current system took too long to off load passengers. Solovyov believed even with a downtown dock that Sitka would never get overrun by tourists. David Tjomsland supported leaving the rates the way they were or face the possibility of retail dollars leaving the community. He also supported the \$1,000 tax cap. If an increase passes he suggested to grandfather those already receiving the benefit. He reminded there was 100,000 acres out there of harvestable timber and he supported a steady flow of timber for manufacturing. Any road charge implemented should include bicycles. Don Jones spoke to the aggressive nature of sales tax. He questioned the need for two hospitals. Ron Field advocated taxing per axle to raise money; semis do the damage to the roads with the larger tonnage and should pay more. He spoke in support of the senior tax exemption to be income based. Jeff Budd believed the City needed another means test for young people as well. Budd also suggested farming out some of the city services to nonprofits. Budd also spoke to taxing online sales, merging the two hospitals, and raising the mill rate.

A motion was made by Reif that this Ordinance be AMENDED by deleting "and members of their household" throughout the ordinance. The motion to AMEND PASSED by the following vote.

Yes: 6 - Westover, McConnell, Christianson, Esquiro, Reif, and Hackett

Assembly Deliberation:

Christianson clarified Sitka Community Hospital did not receive general fund dollars. He noted the possibility of merging the two hospitals had been looked at but SEARHC could not guarantee non-native care. The main roads that were getting beat up by the large trucks were State roads. Hackett spoke to the Alaska Taxable Table as it compared to different communities. With regard to the senior exemption Hackett believed seniors should be able to support themselves better than younger folks. She liked the idea of a means test for those that were living on a poverty level and would like to see households defined.

The assumption was more than 50% of senior citizens would either not qualify because of income levels or would not want to take the steps necessary to apply.

A motion was made by Christianson that this Ordinance be PASSED ON FIRST READING as AMENDED. The motion PASSED by the following vote.

Yes: 6 - Westover, McConnell, Christianson, Esquiro, Reif, and Hackett

H ORD 12-07

Amending the Sales Tax Exemption at Sitka General Code Subsection 4.09.100N entitled "Over One Thousand Dollars on Sales and Rents of Tangible Personal Property and on Sales of Services, and Over One Thousand Dollars in Rent or Lease of Real Property on a Monthly Basis"

A motion was made by Westover that this Ordinance be AMENDED by amending the effective date on Line 91 to September 1, 2012 and deleting Lines 92-94. The motion on this amendment PASSED by the following vote.

Yes: 6 - Westover, McConnell, Christianson, Esquiro, Reif, and Hackett

Public Testimony:

Eugene Solovyov appreciated the drop to \$1500 but would like to see it dropped further. Don Jones specifically spoke to tax on tobacco and alcohol products. He supported a 50 cent tax on plastic bags and increasing parking fees or having a nominal fee on parking lots at the harbors. Tam Fondell stated that discussions on cuts should have come before the discussions on taxes. Gerry Hope, president of

C **ORD 12-11** Authorizing a Five-Year Lease of property at Griffin Island with Joan Berg for 4-J's Coffee

Vice-Deputy Mayor Christianson read the title, purpose, and effective date.

A motion was made by Hackett that this Ordinance be PASSED ON SECOND READING. The motion PASSED by the following vote.

Yes: 5 - McConnell, Blake, Christianson, Reif, and Hackett

Absent: 2 - Westover, and Esquiro

D **ORD 12-12** Amending Sections of SGC Chapters 19.02, 19.03, 19.09, to update the reference to the Uniform Plumbing Codes and National Electric Code

A motion was made by McConnell that this Ordinance be PASSED ON SECOND READING. The motion PASSED by the following vote.

Yes: 5 - McConnell, Blake, Christianson, Reif, and Hackett

Absent: 2 - Westover, and Esquiro

E **ORD 12-08** Amending Sitka General Code Section 4.09.010 entitled "Levy of Sales Tax" to reallocate the percentages of the Fish Box Sales Tax.

A motion was made by McConnell that this Ordinance be POSTPONED to the March 27 Assembly meeting. The motion PASSED by the following vote.

Yes: 4 - McConnell, Blake, Christianson, and Hackett

Absent: 2 - Westover, and Esquiro

Recused: 1 - Reif

F **ORD 12-06** Amending the Sitka General Code by repealing the sales tax exemption provision currently at Sitka General Code subsection 4.09.100Y for "exemption for retired persons who have reached the age of sixty-five," and adding a new section 4.09.105 entitled "Sales Tax Exemption for Sitka Senior Residents or Members of their households"

Bob Schell wondered if adjusted gross income was a fair way to establish qualification for the exemption. He noted medical expenses would not be recognized in the figure.

David H. Tjomsland supported second reading of this ordinance be postponed until all Assembly members were present. He noted retail sales would suffer and would like to grandfather in and institute another age bracket so people could plan their retirement.

Kathy Kyle spoke in support of the ordinance. She noted the current exemption gave a benefit to many who didn't need it. Kyle said young people can't be expected to support the seniors when many seniors owned their own homes. A cleaner solution would be to exempt tax on food for everyone. Kyle spoke in support of raising the sales tax cap.

Ward Eldridge stated while he loved not having to pay City sales tax it bothered him that there were a lot of young people that had to subsidize seniors. He felt removing sales tax from food would make more sense.

Tom Pratt believed the commitment to honor seniors needed to be upheld. He felt it was embarrassing and deserved a more thoughtful approach.

Pat Keho testified this was an exemption for people who were retired and felt this was unknown -no where on the application did it ask if someone was retired. She suggested whatever was decided needed to be implemented better than this program. Kehoe added medical costs needed to be factored in.

Ken Creamer spoke in support of keeping the current senior exemption. He stated there was a revenue problem and the best thing the City could do was pass a budget where expenses met revenues.

Don Jones agreed with delaying second reading. He suggested repealing taxes on food which would impact everyone. Jones stated the City should tax tobacco and alcohol.

Shirley Robards testified she brought this issue forward to the Assembly in 1975. She noted Juneau extended the sales tax exemption benefit to all Alaskan seniors. Robards had a 30 page petition of signatures she had collected saying to leave the exemption as is.

Assembly member Hackett said she had agreed to move forward with changing the senior tax exemption provisions because of Sitka's changing demographics and the aging population. She supported taking tax off of food but right now it would be difficult for the City to afford. McConnell and Reif appreciated the conversations. Christianson's intention all along was to come up with a fairer way than the \$300 rebate.

A motion was made by Hackett that this Ordinance be POSTPONED to the March 27 Assembly meeting. The motion PASSED by a unanimous vote.

Absent: 2 - Westover, and Esquiro

A recess was taken from 8:20 to 8:30pm.

G ORD 12-13

Amending SGC Subsection 13.06.010 L entitled "Launch Ramp Fees" to be consistent with Alaska State Park Boat Launch Fees

Ken Creamer, Vice Chairman of the Port and Harbors Commission, reported the Commission was unanimously rescinding their adoption of the ordinance because it no longer mirrored the statute of the State of Alaska. Creamer indicated it was initially recommended so the ordinance would correspond with the State.

Harbormaster Stan Eliason explained the previous amendment would not allow for the reciprocal agreement with the State; the ability to partner would be lost. Reif supported the original ordinance and felt it better served the Harbor Department. Hackett stressed the importance of educating the public of a fee.

Mike Coleman testified he had 3 boats, 2 of which were on trailers. He state just because he had 1boat in the harbor didn't mean that his other 2 boats were covered. He should have to pay all 3.

A motion was made by Reif that this Ordinance be POSTPONED to the March 27 Assembly meeting. The motion PASSED by the following vote.

Yes: 5 - McConnell, Blake, Christianson, Reif, and Hackett

X. UNFINISHED BUSINESS:

- C ORD 12-13** Amending SGC Subsection 13.06.010 L entitled "Launch Ramp Fees" to be consistent with Alaska State Park Boat Launch Fees

Kim Elliot spoke in support of the ordinance.

Harbormaster, Stan Eliason, came forward to speak to line 42 - "Launch ramp fees are not applicable to current harbor users paying moorage." Eliason confirmed both he and the Port and Harbors Commission were not supportive of this line.

A motion was made by Reif that this Ordinance be APPROVED on second reading as previously amended. The motion FAILED by the following vote.

Yes: 3 - Blake, Christianson, and Hackett

No: 4 - Westover, McConnell, Esquiro, and Reif

- D ORD 12-08** Amending Sitka General Code Section 4.09.010 entitled "Levy of Sales Tax" to reallocate the percentages of the Fish Box Sales Tax.

Assembly member Reif recused himself.

Kim Elliot spoke in support of the ordinance.

David Tjomsland noted 80% should go to Harbors.

Erin O'Kelly-Long spoke in opposition to the proposed ordinance changes.

Assembly members expressed their opinions on the issue.

A motion was made by Blake that this Ordinance be APPROVED. The motion FAILED by the following vote.

Yes: 3 - Westover, Blake, and Esquiro

No: 3 - McConnell, Christianson, and Hackett

Recused: 1 - Reif

A recess was taken from 7:28pm to 7:35pm.

- E ORD 12-06** Amending the Sitka General Code by repealing the sales tax exemption provision currently at Sitka General Code subsection 4.09.100Y for "exemption for retired persons who have reached the age of sixty-five," and adding a new section 4.09.105 entitled "Sales Tax Exemption for Sitka Senior Residents or Members of their households"

The following spoke in opposition to the ordinance: David Tjomsland, Shirley Robards, Kim Elliot, Betty Jo Moore, and Signe Wilson.

A motion was made by Hackett to amend Ordinance 2012-06 by adding or amending the following provisions:

1. SGC 4.09.105A.5 at line 186 add:

Notwithstanding subsection A.4 above, if the applicant has a sales tax exemption card issued under prior SGC 4.09.100Y for "Retired Persons Who Have Reached The Age of Sixty-Five", and meets all other requirements of

this section;

2. Purpose section at line 29, by adding the following sentence:

Seniors who hold sales tax exemption cards that were issued under SGC 4.09.100 Y for "Retired Persons Who Have Reached The Age of Sixty-Five" will still qualify and are not subject to the income level means test, as long as the seniors meet all other requirements under this new exemption at SGC 4.09.105.

David Tjomsland spoke in support of the amendment.

Assembly members expressed their opinions on postponing the issue.

A motion was made by Reif that this Ordinance be POSTPONED to the May 22, 2012 Assembly meeting. The motion PASSED by the following vote.

Yes: 4 - McConnell, Christianson, Esquiro, and Reif

No: 3 - Westover, Blake, and Hackett

F 12-28

1) Discussion/Decision on forward funding or bridge funding to the Sitka School District on anticipated educational funding from state and federal sources for FY 2013.

Westover stated she was recusing Christianson and explained her reasons. Christianson responded with his interpretation.

A recess was taken from 8:34pm to 8:39pm.

Municipal Attorney, Theresa Hillhouse, reviewed the memo from outside counsel, Michael Gatti, speaking to disqualifying bias. Hillhouse outlined the process for the Assembly to take.

Assembly members Reif, Hackett, Blake, McConnell, and Esquiro offered their opinions on the issue and disqualifying bias.

A motion was made by Hackett to OVERRULE the Mayor's decision to recuse Christianson. The motion PASSED by the following vote.

Yes: 5 - McConnell, Blake, Esquiro, Reif, and Hackett

Non-voting: 2 - Westover, and Christianson

Mayor Westover handed the gavel to Deputy Mayor Esquiro.

The following motion to amend was on the floor from the February 28, 2012 meeting:

A motion was made by McConnell to AMEND the amount to \$225,000.

School Superintendent, Steve Bradshaw, came forward and urged the Assembly to support the District in whatever capacity possible. Tim Fulton, School Board Member, also spoke in support of the amendment.

In response to a question by Assembly member Blake, Bradshaw explained some of the cuts the School District would be possibly making.

McConnell and Hackett withdrew their previous amendment.

Sitka High School Principal, PJ Ford-Slack, came forward to answer a question from

Colleen Ingman

From: ~~alice@cityofsitka.com~~ on behalf of Bob/Alice Schell ~~alice@cityofsitka.com~~
Sent: Wednesday, March 14, 2012 8:39 AM
To: assembly@cityofsitka.com
Subject: March 13 meeting

Thank you for your attention at last night's meeting. You guys have one of the most difficult and under appreciated jobs in Sitka. I could take only three years of it when I was in your position. No matter what you do someone is not happy. I do not come to your meetings often but I do follow the borough happenings. I am in a coffee group with a bunch of long time Sitkans and, of course, we know the solution to everything. Our group's numbers continue to diminish through illness and death. With the loss of so many friends, I have become acutely aware of the problems experienced by both the ill and the surviving spouse.

Maybe we should start over with the issuance of exemptions and have everyone who wants to take advantage of the exemption bring in a PFD receipt as proof of residence. I think you would cut the numbers by a great deal if this were required. An educational sheet with the issuance of a card would also be helpful.

Once again, thank you for your service to the community.

Bob Schell

Colleen Ingman

Subject: FW: Senior Sales Tax Exemptions

From: Megan & Walter C. Pasternak [mailto:meganwpc@cityofsitka.com]
Sent: Tuesday, March 13, 2012 10:48 AM
To: assembly@cityofsitka.com
Subject: Senior Sales Tax Exemptions

Members of the Assembly:

As someone who is not that far in age from qualifying for Sitka's senior citizen sales tax exemption, and married to someone who is even closer, I would like to express my preference for eliminating the exemption all together.

Senior citizens also use the very entities that the sales tax helps pay for: roads, sidewalks, the hospital, police and fire services, parks, ambulances, schools, the airport, etc. In some cases their use may not be direct but the upkeep of all of these services still applies to them. Take for example roads. Many people, including bicyclists, claim they do not use the roads. However, their lives here in Sitka are dependent upon others who use the roads to deliver services, goods to the stores, fuel to the suppliers and then to their homes, city workers who maintain the roads and power plants, police and fire workers and their friends and neighbors who use the roads. The same can be said for all other city-provided services and infrastructure.

I definitely do not plan on applying for an exemption when I come of age to do so.

Currently only retired senior citizens, whose spouses are also retired, are eligible for the exemption. There is no place on the application to indicate whether this is true or not. I do not believe that this aspect of the ruling is being enforced. Perhaps there

should be some follow up in this area.

Also, I am in favor of eliminating the sales tax cap all together. A lot of revenue is being lost there. Some merchants argue that this will force people to shop elsewhere. The reality is that shipping costs eat up and often exceed any savings one would find by buying out of town. Other merchants claim it will keep tourists and locals from buying high end items in Sitka. I don't believe this. How often have you considered a purchase and then canceled it because of what you pay after taxes are added.

Cathy Bagley's letter to the editor recently regarding taxes on rentals is also something I agree with.

I also do not understand the reasoning behind exemption/reduction of property taxes for senior citizens.

I am a strong believer in paying for what you use and can see no other equitable means except a sales tax. I have resisted in bringing up these facts beforehand, thinking someone on the assembly or in the citizenry would realize their omission in your discussions. Please consider the above information during your tough deliberations on taxes in Sitka.

Thank you,
Megan Pasternak
Box 830, Sitka
747-5943

Colleen Ingman

From: Louise Olmstead [mailto:LOlmstead@cityofsitka.com]
Sent: Friday, February 10, 2012 4:20 PM
To: assembly@cityofsitka.com; Jim Dinley
Subject: Senior Tax Exemption

Hello All,

My name is Louise (Dennard) Olmstead and I was born, raised and lived all of my life in Sitka (almost 55 years). I've been thinking about the proposal on the table regarding the sales tax....my idea and I would like everyone to consider: Grandfather those getting the exemption status & close the program to any new applicants. The program will eventually go away; let's face eventually we'll all die. Just a thought...thank you for your time!

Louise

Colleen Ingman

From: Susan Litman [mailto:slitman@cityofmilwaukee.com]
Sent: Sunday, February 12, 2012 10:02 AM
To: assembly
Subject: Senior Sales Tax Exemption

Dear Assembly Members-

I would like to encourage you to consider the means tested senior sales tax exemption ordinance sponsored by Christianson and Hackett. I believe the senior sales tax exemption should be geared to those seniors on low fixed incomes. There are seniors in our community who struggle to get by on social security or social security and a small pension. Those seniors should continue to receive a sales tax exemption. The approximately \$500-\$800/yearly sales tax relief they receive from the senior exemption should be preserved for these seniors.

Thank you,
Susan Litman

I realize that it's probably too late to comment on the proposed sales tax changes, specifically changing the Senior Exemption. It looks like you are making eligibility a "welfare" issue with proud seniors required to go to the city & declare that "I cannot pay my share". Would the income limit be figured on the total income or what we pay federal tax on? Will we need to bring a copy of last year's IRS tax form to the city in order to prove qualification? Please consider the following option.

Make the sales tax exemption occur ONLY on grocery store FOOD items? All paper products, dog food, cleaning products, etc would be taxed at the current rate. Tax all other items, with no exceptions, including restaurant meals, clothing, liquor, hardware, furniture and whatever else we currently pay tax on, similar to Washington State sales tax. This would make the seniors absorb some of the tax burden, yet give them a break on food. We could continue having a tax cap ceiling as we do now.

The merchants will probably think that local sales will drop, and, they may be right, but I can't believe that an extra \$6. on a \$100 purchase would make me turn to the internet! Free freight to Alaska is a joke! Accounting for the sales tax would be simpler except for the grocers. No keeping track of Non-Tax sales and the only ones to worry about would be Out of Area and Over the Cap sales. Perhaps you have already considered this alternative, if not, please think about it.

Sitka could take a lesson from Hoonah and seriously work to attract tourists and create some new businesses. This should be a destination port if only for the history. Losing local business to other southeast cities is a shame! Where are our young people going to find a job?

Thanks for listening to my "venting" and please consider our suggestions.

Gen & Carole Newcomb, 747-8030

Assembly Members:

I wish to voice my concern about the ordinance that requires only persons meeting certain income limits are to be eligible to receive relief from sales tax. Why are we the first targeted in your effort to add money to the City's reserves? There are other ways you could address the eligibility and eliminate abuse such as using the same requirements of the Permanent Fund applications? Folks that come to Sitka to spend the summer only would be eliminated as well as those who visit family briefly and quickly get a tax exempt card then use it on every visit. I don't believe card use is abused as much as some of your members believe. Occasionally family members shop for me, they pay the tax and I pay them the full amount. They don't even attempt to use my card. If abuse of the sales tax exemption is rampant, as implied by the City administrator, it is incumbent upon him to correct the violation without adding more ordinances in place of doing his job.

Most of us cannot afford winter homes in Arizona or Hawaii as has been suggested nor have we received inheritances that enhance our retirement benefits. We stay here supporting local businesses and participate in activities and contributing to non-profit organizations throughout the year. We choose to live here because we love Sitka, have raised our families here and prefer to live near them but Sitka is a very expensive place to live. Our income is fixed yet it seems each day the cost of groceries rise, fuel and gas prices, city utilities, moorage and it goes on and on. Unexpected travel for medical care can be a major expense. Seniors in the middle income levels are steady contributors to the local economy yet you choose to take a major benefit away rather than look closely at cutting City expenses. How many new positions, especially in the higher pay scales, have been added in the last ten years? Why do we pay City staff to encourage business to Sawmill Cove when we can't provide adequate electricity. It appears nearly every City department has added support staff. Maybe it's time to cut some positions and share this staff between departments or combining some departments with one director may be a possibility.

It seems to be a common comment by some that those in "upper" income levels should pay the tax. What is upper income? I doubt there are many millionaires or billionaires living here year round. None of you know what our income is and in a town of this size it would be a total invasion of privacy to ask. It was suggested by one of your members that requesting income tax records would likely limit the number of senior applying. Very true as I wouldn't divulge mine if it were at the \$20,000 limit. I doubt very much that seniors making \$40,000 spend much more here than the basic necessities. With Congress wanting to cut our Social Security and Medicare benefits and prescription costs soaring our "golden years" don't look too golden. How many of you are aware that a few years ago Congress implemented the Government Pension Offset law. If a senior received a pension from a State or Federal retirement system, their Social Security was diminished accordingly. It didn't matter how many years you had paid into the SS program or how few you worked for the government. This, of course, didn't affect retirees that working the private sector or large corporations.

After listening to recent Assembly meetings it seem clear that the members are easily swayed toward the local charter operators complaints about implementing tax changes for their businesses. This was during a February meeting when there was and still is adequate time to recruit clients for the summer. If some clients had already paid, grandfather them in but why give the newer guests the tax break. These visitors expect to pay taxes on services received and to give the charter folks a break until October seems unwarranted if we're so desperate for income. It's not a very difficult bookkeeping process to separate the early reservations from the new ones.

I also have some real concerns about the direction our new finance director is taking us. After listening to recent assembly meetings, it seems he's may be pushing the panic button prematurely. Mr. Wolf seemed to have a pretty good formula for keeping finances in check. What has happened?

As much as practicable, we have been loyal Sitka shoppers. If this ordinance comes to pass, the economics of doing that will change. I foresee coordinated trips to Juneau to make quarterly purchases, more on-line purchases from one of the many places that offer greater selection and free shipping, and on-line purchases of medications. For those of us that have been retired for many years we feel the crunch yet would hope our City would value our contributions and leave the tax exemption unchanged for all our senior citizens.

Sincerely,

Signe Wilson

Colleen Ingman

From: Robert Kluting [REDACTED]
Sent: Thursday, February 16, 2012 11:22 AM
To: assembly@cityofsitka.com
Subject: Sales Tax

Honorable Assembly Member:

I would like to make some comments on the Sales Tax Exemption Ordinance that you have been working on.

First, I appreciate all of your efforts on behalf of the citizens of Sitka. I know it is a thankless job, and you are doing what you think is best for Sitka. That said, I do have some disagreements with several things that were brought out in the latest Assembly Meeting.

Concerning the Sales Tax on items sold by non-profits, I am pleased that that was dropped. I am associated with the Sitka Sportsman's Assn. As you know we sponsor the Sitka Salmon Derby every year. If this ordinance had passed it would have put quite a bit more work on the merchants that sell our tickets as well as more cost on the tickets. I feel this would have reduced the participation in the derby, which would reduce the amount that we have to donate to things like Youth Football, Boy Scouts, etc. Another thing to remember is the amount of sales tax the Sitka Salmon Derby brings in through purchases of fuel, food, fishing gear, boat repairs, etc. You did not pass this so enough said about it.

On the Senior Citizen Exemption, I have several areas of concern. First, the amount a person is allowed to earn and still receive the exemption is too low. I believe it should be at least \$40,000. I feel this would be fair because of the expense that seniors have for insurance, home care, medical aid items like canes, walkers, wheel chairs, etc. A lot of these items are not covered by insurance.

Another concern is the persons allowed to purchase items for a senior. I like the idea of having them listed on the back of the card, but that will not do any good if the senior has the card at home and the person listed is at the store. I know there has been several times I called my daughter or son to buy something for me when they are in town and I am home. Therefore, it seems to me that each person listed will need a card. I know this is an area that is ripe for fraud, and I do not know the answer for that. It is too bad we have citizens who are willing to cheat to save a few dollars, but this is still a worthy ordinance.

On to the ordinance on resale. I disagree whole heartily with the Finance Director. The resale part of this ordinance should be simple and straight forward. If a business is purchasing something that will be left with the customer or leaves the store with the customer it is a resale item. Therefore, if a snowplow business is spreading ice melt on a customer's driveway and sidewalk it was purchased for resale and the business owner should not have to pay sales tax. His customer will pay sales tax on it. The same for food purchased by a charter boat company. The food will, in the end, leave with his customer, therefore, the business owner should not pay sales tax and the end user will. This seems like a simple way to handle this item.

I do not like the idea of raising the sales tax cap to \$1500, but do not have anything else to say about it.

I do want to speak out about your duties. I hope all of you remember you are representing the citizens of Sitka and not the City Administrator or the City Staff. This is a trying time, but Sitka is not like any other community and therefore should not be compared to them. We have our own problems and need to work them out in our own way. Please listen to the citizens of Sitka and follow their wishes as much as possible. Also, I agree with a couple of the persons who suggested making cuts before raising revenue. This seems best with the way the economy is.

Again, I want to thank you for your service.

Sincerely

Robert Kluting

Colleen Ingman

From: David Steward [mailto:dsteward@cityofsitka.com]
Sent: Wednesday, February 15, 2012 12:09 PM
To: assembly@cityofsitka.com
Subject: Senior tax

Dear Assembly,

I was delighted with the responsiveness of most assembly members to concerns expressed by community members. I feared that virtually all details were already "in place."

One problem occurs to me in the proposal for criteria for senior tax.

I believe you voted that eligibility comes if a senior earns less than twice the poverty level. That's just fine with me! But I believe you said that tax free purchases could be made on a senior's chit "for a household." Unless this is defined more closely (and perhaps you have already done this), it could perpetuate, and in fact legalize, what some have called "abuse." For example, is a household everyone who lives in a house? Could, then, "grandma" who qualifies for senior tax exemption, purchase everything for herself, her child and spouse and 5 grandchildren who all live in a single house? Or if household means "close relatives," how close is close? Etc. Perhaps this needs to be clarified.

Might the concept of "dependents" (as stated on IRS forms) be used? I don't want to penalize a senior who is raising a child not her own.

Thank you.

David S Steward
2332 Sawmill Creek Road

February 14, 2012

Dear Assembly Member in Sitka:

This letter is in reference to the proposed repeal of, and amendments to, the senior tax exemption being considered by Assembly Members and our City Administration.

There are at least two groups of local people who will be seriously affected by these changes:

- 1) Seniors are targeted to take a big loss if the tax exemption is repealed and replaced with a small rebate. If the City is serious about balancing the municipal budget, it is imperative that the Assembly consider cutting expenditures concurrently with the effort to raise taxes on the segment of the public least able to pay them. We would suggest at least one dollar of cuts for every dollar raised through increased taxation. We cannot tax our way out of the current budget crisis, and we could all live with some cuts in services;
- 2) Our local merchants, too, stand to suffer serious losses if this tax exemption proposal is passed. Surely you know that online shopping is often more economical than purchasing locally and is tax free, with free shipping from many online merchants. More than ever before seniors have the option to purchase their necessities from a vast array of internet providers. Also, dollars spent outside of Sitka by seniors do not multiply 3-5 times through our local economy as do the dollars spent here. We hope that Sitka merchants will come forward and explain to the Assembly the potential losses they are likely to assume if this tax revision is passed.
- 3) Loss of the senior tax exemption may tip the balance between living in Sitka or in the lower 48, in favor of moving south. Imagine the loss to the City if many seniors move out taking their incomes and local expenditures with them. Seniors are one of Sitka's biggest assets because we spend our incomes here but do not require jobs needed by the younger members of our community.

One final point! If one examines the history of trying to increase revenue by raising taxes on any segment of the public, the law of unintended consequences is clear. Raising taxes at every administrative level (city, state, or national) more often than not results in decreased, rather than increased revenue! Do some research on the subject and you will come to the same conclusion. People always find creative ways to circumvent new taxes.

Fred and Kathleen Everest
P.O. Box 1444
Sitka

Colleen Ingman

From: Doug Borland [redacted]
Sent: Tuesday, February 14, 2012 12:22 PM
To: assembly@cityofsitka.com
Subject: tonights assembly meeting

To the Mayor and all Assembly; and Mr. City Administrator,

We will be unable to attend tonights assembly meeting in person but wanted to please ask you to consider our input on the tax issues on the docket.

My wife and I are downtown retail store owners and employers since 1996, with two prominent Lincoln Street storefront locations. Like most all small business owners, we have suffered through the last three years of declining revenues and have had to adjust our business by cutting expenses, laying off employees, and even then hovering around the break-even point. More alarmingly, in order to survive, we (like two other major downtown Sitka retailers) have moved over 50% of our business, (and employment) out of Sitka!

As small-business owners, we know that when revenues fall, the only way to react is to cut expenses. Like the Federal government is learning, the City cannot "tax" its way out of a bad economy - that may just further hasten the decline of revenue as more and more businesses fail; or like many, move their business elsewhere.

Instead, cuts in expenses must be made to adjust to the realities of income; (note cuts in expenses do not necessarily have to mean cuts in services; there are ways that a good administration can first cut the "fat" from government)!

Therefore we strongly protest further tax increases; either through raising the sales tax cap to \$5,000 which will further drive business away from Sitka; or through reducing or eliminating the senior tax exemption (could also drive business out of town); or through taxing non-profits (they are suffering enough in this economy).

Leave the taxes where they are; as elected representatives you have an obligation to make the city government live within their means; please instead seriously look at the expense side of the ledger. All economists know that you cant tax your way out of a recession; it will only make the problem worse as fewer and fewer economic engines (small businesses) have to bear the increased burden.

Please consider the state of the downtown Sitka retailers; there is a real danger of further business failures, more dark spaces, and more stores closing or moving elsewhere. We cannot survive further tax increases that will be hurt our businesses. Please vote no on the tax proposals!

Thank you for your consideration,

(It would be great if one of you could refer to and read our letter at the meeting).

Respectably submitted,

Doug and Olga Borland, Owners

Russian American Company

Random House

Grandfather Frosts Russian Christmas Store

Colleen Ingman

From: ~~kelliott@cityofsitka.com; kelliott@cityofsitka.com~~
Sent: Tuesday, February 14, 2012 9:12 AM
To: assembly@cityofsitka.com; colleen@cityofsitka.com
Subject: February 14th meeting issues

Greetings all:

In an effort to avoid having to come to speak before you and tie up more time I decided to drop you a quick email.

I do appreciate the difficult decisions you must make but I do have a few thoughts and suggestions on some of the issues facing you tonight.

I am very concerned about the repercussions of revoking sales tax exemption for the senior citizens. Although many of Sitka's seniors may appear affluent much of what they own is costing them much more than you might think considering they are on a fixed income. Some that retired 25 years ago had enough income to stay in Sitka but the increasing costs of services, fuel, etc. make it much more difficult unless they start selling their properties. Instead of all the suggestions for changes you have on your agenda tonight have you considered something along the lines of the way the Permanent Fund is issued every year? The requirements they have could be used to verify if our seniors should be sales and property tax exempt by having to file via online site every year and not be gone more than 90 days expect for medical issues. A sticker could be sent to update their card and they would have to show other ID along with their card to be exempt. I think that would weed out those that are just visiting here and keep those that might be dishonest from being as easily able to do so.

I also can't see where you are re-implementing the sales tax on rentals of homes and apartments but I never understood why that was done in the first place. I think that should be put back in place.

Other than all of the above – you may have to consider cutting services and certainly not be adding additional personnel to general government. I do think public safety is over staffed considering we also have the State Trooper academy located here. Enterprise entities have to operate within their budgets so they should be considered separately.

Thank you for your consideration of my comments.

Sincerely,

Kim

Kim Elliot
7 Maksoutoff Street
Sitka, AK 99835-7556
(907) 747-7677
email: kelliott@gci.net

Colleen Ingman

From: rebecca poulson [mailto:rebecca.poulson@hawaii.com]
Sent: Tuesday, February 14, 2012 9:25 AM
To: Assembly 2007
Subject: sales tax nonprofits

Dear Mayor Westover and Members of the Assembly:

Regarding having nonprofits charge sales tax:

There are a number of reasons this a poor idea.

Sales tax is a tax on the consumer: the retailer adds the five percent onto their price, and passes the tax on to the city. But, most nonprofits don't have the capacity to add sales tax. The White Elephant shop, for example, has volunteer cashiers, and would not be able to make change for say \$5.25 or \$3.15 for every single customer, due to the logistics of having only a couple of volunteers, one primitive register, and a lot of customers during their short open hours. The same is true at concerts and performances.

Bakesales, performances, dinners, and silent auctions would have similar constraints. If organizations raise prices a full dollar, instead of just the tax amount, they will be harming consumers, the people shopping at a thrift store, or buying a concert ticket, which makes a big difference in whether a family can afford to go to a show.

Concert tickets are set at the bare minimum as it is, and I know firsthand that organizers are pleased if they don't *lose* money. For groups like the Sitka Summer Music Festival, ticket prices don't even cover costs. In our town entertainment is a community service. Nobody is making money on it.

Because most nonprofits can't make change, they will have to raise prices a full dollar, or eat it. Therefore, this tax will not be a pass-through tax on the consumer, as intended, but on the nonprofit entity itself, and taking money away from the work they do. Is this really what we want? The Salvation Army, like other nonprofits, does so much good work in this community. Would City Government really be a more worthy recipient of the money they make at their thrift shop?

Nonprofit operations are much leaner than businesses, and much leaner than government, and it really isn't right to penalize them because they are so efficient, in charging round dollar amounts for items in a thrift shop or concert. Nonprofits by definition are doing work the private sector or government can't do.

The next reason is that the amount of retail sales that nonprofits do is small, and would not generate much tax anyway. Say the amount comes up to \$100,000. You would generate \$5000. Is it worth it?

The third big reason is the burden of paperwork, which nonprofits certainly can't afford, and could easily use up any additional income the tax brings in, in the city administration, not to mention the time being taken up in meetings, or deciding all the details of such a tax. (Should wrestlers charge sales tax when they do chores for fundraiser? What about things sold to help with medical expenses?)

I think the city government should look at the big picture. Rather than trying to nickel and dime nonprofits, the city should be encouraging them, because every bit of work our nonprofits do is either work the government would be responsible for, or building our economy through arts programs, museums and education.

Why handicap the Sitka Summer Music Festival for example, when their (lean and efficient) existence brings people to town, renting hotel rooms, going out to dinner, buying things in the stores?

Thank you,
Rebecca Poulson

Thank you,

Terry

Begin forwarded message:

From: Robert Carlson [mailto:rcarlson@sitka.ak.us]
Date: January 31, 2012 3:04:49 PM AKST
To: Terry Hake [mailto:terryhake@sitka.ak.us]
Subject: Sitka Sales Tax.....information to citizens needs to be better

Dear Terry,

No one likes taxes, but Sitka's road, education and safety infrastructure need maintenance for the users. The benefits to the group exceed the costs.

Last week's Assembly Meeting as reported on Raven Radio and the Sentinel and with the information in the City's internet site was a great disappointment. There were anecdotal stories of cheating on taxes by some groups, but lacking were any hard facts about audits or enforcements. In a town with resources to enforce parking and teenage smoking, hard facts based on audits seem to be sorely lacking for tax information. The Assembly members appear to accept innuendo and there was little outcry for facts beyond the recognition that there is a need for city revenue.

The cost of living in Sitka is high, with food at 140.% of the national average, housing prices 200% above , and fuel \$1 more per gallon. When Sitkans visit family inside or outside of Alaska using Alaska Airlines or the State Ferry it costs more than a trans-ocean flight from a big city. Sales taxes are minor when compared with other necessary expenses that Sitkans must endure. Sales taxes are also lower than many other places in America.

Renters, purchasers of big ticket items, seniors, and any other exempt group should be reexamined for appropriateness for local tax exemption. Clear information to the citizens should be easily available from the City web site and in the media.

A breakdown of the users of tax exemption over \$3000. is long overdue. Is it helping Sitkans or benefitting non-Sitka residents? The economy has changed enormously since this big ticket exemption was enacted. A new Toyota cost \$1800 then and \$25,000 now. The visitor economy is radically different. A soft housing market has increased the number of renters from a few years ago and rental tax exemption also needs a new look. Surrogate purchasers for seniors could be limited among many of the options relating to this tax exemption. Myron Scholes the Nobel winner in economics said that any tax over time will produce zero revenue as subjects would find ways to avoid them. A merchant whom I frequent in Sitka has told me that the city has not looked at his tax exempt log in many years. Audits or spot checks would increase compliance.

Everything about sales taxes and exemptions need to be put on the table and there needs to be a clear and transparent explanation of exemptions by amounts and user class and why any group is more special than any other and how this benefits the community.

Please try to present hard facts about the nature of all exempt groups, amounts of tax that they are exempted from by user category, compliance/audit information, and why the city should continue, or discontinue, the exemption. I am sure that if information is clear and available, that Sitkans will support the difficult financial decisions the Assembly is charged with making. If there is a paucity of information, the rumor mill will have a field day.

Colleen Ingman

From: Richard Guhl (richard.guhl@cityofsitka.com)
Sent: Wednesday, February 01, 2012 1:38 PM
To: assembly@cityofsitka.com
Subject: Senior Sales Tax Exemption

Members of the Assembly,

I am concerned by the Assembly's current deliberations with regard to the local Senior Sales Tax Exemption.

1. Previous Assemblys have consistently, at the behest of a very vocal minority, rejected the idea of raising the antiquated sales tax cap of \$1000.
2. In the not too distant past, financial conditions were considered sound enough for the Assembly to summarily eliminate sales tax on long term rentals.
3. Now, suddenly, the Administrator has proposed to the Assembly, the only way to balance the Municipal Budget is on the backs of senior residents, many of whom are living on a fixed income like Social Security. This, just after a surcharge was appended to their electrical bills.

It seems to me, increasing the financial burden on that segment of the community with the least flexibility to adapt should ONLY be undertaken after all other types of revenue increases and overall budget decreases are explored.

Richard Guhl
Sitka Resident June 1970-August 1972 & April 1975-present

Colleen Ingman

From: Dr Ronald E Dick [redacted]
Sent: Saturday, January 28, 2012 8:37 PM
To: assembly@cityofsitka.com; jimdinley@cityofsitka.com
Subject: more taxes

Dear Sitka Assembly members and City Administrator:

The following is a copy of the letter I am submitting to the Sitka Sentinel. i want to make sure you get the opportunity to read it.

The Sitka Assembly reopened its discussion of the senior sales tax exemption and the sales tax cap. At one point in the discussion, City Finance Director Jay Sweeney stated that there is no way of predicting how much additional tax revenue would be captured by raising the cap to \$3000 or \$5000. In fact, the Laffer Curve predicts that it would not necessarily increase revenues and would be likely to actually reduce revenues. Raising taxes during the worst "recession" since the Great Depression is not a good idea. People are spending less because they have less to spend. Increasing taxes will simply make a bad situation worse. If people are already struggling to earn the money to spend on what they need, they surely won't have enough if they have to spend more of it on taxes.

Sitkans will do what they have to do to survive. I expect that people will buy over the internet at a lower price (with no sales tax and free shipping), form buying groups, increase subsistence activities, whatever it takes. I take every chance I get to support our local businesses, but if can't balance my budget any other way, my money will necessarily go out of town. Frankly, there isn't a business in town that can compete favorably against online prices and free shipping. So, raising taxes will ultimately hurt our local businesses when our residents are forced to adapt to a 5% to 6% reduction in purchasing power. It's very simple, if people have 5% to 6% less to spend on utilities, groceries, rent, clothes, heating oil, gasoline, restaurants, etc., then these businesses get 5% to 6% less business. We can't spend what we don't have. If the City adds \$150 to \$180 to the price of big ticket items, then they will be driving a wooden stake in the heart of Sitka businesses.

Last week it was announced that Fairweather Prints is moving out of Sitka. If our City government continues its tax and spend policies, then I predict there will be more businesses closing or moving out along with residents that can no longer afford to stay here. The citizens of Sitka are dealing with the recession by living within their means. I can't understand why our Assembly finds that such a difficult concept to understand. In this case a balanced program of increased taxes and cutbacks is not appropriate. Cutbacks is the answer, hard as it is. Sitka government needs to live within its means, too.

The antipathy that some of our Assembly members and City officials have towards Sitka's senior citizens is even more difficult to comprehend. With fixed retirement incomes and the reduction in interest income brought on by the banking debacle, senior citizens are the most vulnerable, most politically disenfranchised, and weakest members of our community. To single them out as the beachhead to solve Sitka's so-called revenue problem is unconscionable. Furthermore, the proposed rebate program does not fix anything. It has two major faults. (1) It is not equitable inasmuch as everyone gets the same rebate no matter how much they spend. (2) The \$300 proposed rebate is just another indicator of the serious disconnect some of the Sitka Assembly members have with current economic realities. A \$300 rebate would equate to annual purchases of approximately \$5500. \$5500 doesn't even come close to the amount of money a senior couple spends on groceries, let alone utilities, fuel oil, gasoline, clothing, rent, car repairs and maintenance, and a little entertainment, please. Please note that there is no way this \$300 rebate would then also cover the tax on the purchase of an ATV, or boat, or outboard, or repairs on such items. We do spend money on things like that. We

are old but we're not dead yet. Also, I am wondering, does this mean that the City of Sitka is going to make our seniors in the Pioneer Home start paying sales tax on their room and board? The senior sales tax exemption is good policy and the program is not broken. So, leave it alone and find a rational solution to Sitka's budget problems. That is, trim the fat first, preserve essential services, and then trim the lean meat if you must.

To add insult to injury, some of the Assembly members and City officials have impugned the integrity of and slandered unnamed senior Sitkans by suggesting that cheating and fraud was rampant within the senior sales tax exemption program. According to the Sitka Sentinel, City Administrator Jim Dinley said: "I'm convinced abuse is much worse than you are aware." I'm personally offended by these accusations and I resent it very much. If these Assembly members and Mr. Dinley have evidence of this fraud and cheating then they should provide it for public scrutiny and prove their heretofore groundless accusations. If they have actually witnessed such activity then they should have notified the authorities. It is time for these Assembly members and City officials to provide records of the number of convictions in Sitka resulting from violation of Section 4.09..100(y) of the Sitka General Code. If proof of widespread abuse is not forthcoming, then it is time for these Assembly members and City officials to apologize and cease their scurrilous attacks on Sitka seniors and their families.

Times are difficult for most of us these days. So, some belt tightening is in order. The citizens of Sitka have no other choice than to live within their means. The Sitka Assembly seems to think they can tax their way out of it and keep their belts in the same notch. If that is indeed the case, then it is time to vote them out.

Sincerely,

Dr Ronald E Dick

Colleen Ingman

From: Bradley Shaffer [bradley_54@gmail.com]
Sent: Saturday, January 28, 2012 2:36 PM
To: assembly@cityofsitka.com
Subject: Sales tax observations

Dear Assembly Members,

Please allow me to share several comments and observations that pertain to sales tax.

Sales tax is a regressive tax. Our tax cap is the most simple example but the most material example is in relation to tax on food and heating fuel. Demand for food and heating fuel is inelastic-we pay what we have to to eat and stay warm. The lower income family will therefore pay a higher percentage of their financial resources in tax whereas the high income family will pay a lower effective rate.

One very significant component of our economy that is difficult to measure is the use of the Internet for commerce. Our local retail businesses are in reality competing in the world market. The volume of our local economy that has shifted from local, taxable transactions to other markets, will only continue to grow. We have no real idea what that component is today. Some economist refer to this as "leakage" whereby a portion of the local economy is not reinvested, saved or spent locally.

The City grants authority to an individual or business entity to conduct commerce locally and thereby be responsible to collect and remit sales tax. Failure in compliance (filing reports, paying tax timely, material audit findings) could be handled more effectively by strengthening the municipal authority to suspend or revoke a business's license. Sales tax collected is the legal property of the City; minimize the risk of loss by more timely enforcement.

The seasonal sales tax increases have been justified as a means to collect taxes from individuals who do not live here. I believe a proper analysis would reveal that the seasonal tax increase is disproportionally borne by the local resident. Look at your personal spending habits over a twelve month period and I believe you will find that your spending more per month during the high tax quarters.

Please remember that a majority of the exemptions from tax have been in place when the community had a different economic base. The present sales cap was established during an era of municipal fiscal prudence and as an incentive for local businesses to compete for sales. Our local economy and cost of government is very different than just fifteen years ago. Exemptions have intended purposes and generally are applied as a means of providing economic incentives.

I urge the Assembly to work with long term historical trend information the Finance department may provide you. Please study the tax base in total before tampering with one part or another. The long term historical trend information will hopefully provide a clear picture of what your tax base is comprised of.

The City has a recent history of revisiting existing law and then pretty much unilaterally redefining its application. When is redefining an existing law in fact the application of new law? Should the public (both customer and sales tax remitter) have the opportunity to participate in this process?

Why I write to you is to caution the Assembly from short term "fixes" since fairness in the application and amount of tax to the consumer is an essential element of a municipal taxation model. The City can not take the sales tax base for granted and thereby risk future tax flows. I hope you will be able to elicit more participation from the business community since they are who the City counts on to collect the taxes.

Thank you for the opportunity to share these thoughts with you today.

Respectfully submitted,

Bradley Shaffer

Colleen Ingman

From: Amelia Gage [mailto:ameliag@cityofsitka.com]
Sent: Saturday, January 28, 2012 10:23 AM
To: assembly@cityofsitka.com
Subject: Senior Sales Tax Exemption

We wanted to make a few comments about the proposal to eliminate the sales tax exemption for Sitka residents over 65 years of age. We'll try to keep it under three minutes reading time.

We see this as one of the more significant issues the Assembly has taken up recently so we would encourage you to not make any rash or rushed decision. It may be that the Senior exemption must be eliminated but if the process is not handled well a valued group of residents may become disenfranchised, many of whom are Native Alaskan and life long Sitka residents. We would hope that there would be transparency and clear communication during the decision process and that perhaps a work session might be held.

There seemed to be two issues during the last Assembly discussion. One was a perception that the exemption has abuse to some unknown level, the other was the need to collect all the exempted tax as it will be needed in the the coming years budget, which has yet to be made.

It's interesting that during a tight economy and lean budgets that there is not more solid data to base decisions on. It seems the City staff regularly are unable to fully answer Assembly questions in many areas citing "we don't have or keep that information". **We vigorously encourage you/Assembly members to keep thorough, and concrete, data at-hand when holding discussions leading to decision-making by this body.**

We did not hear how much the senior sales exemption amounts to by month, over a year, or over the past several years. It would seem fairly easy to total the sheets listing the sales that each merchant keeps. If they are not used for this what are they kept for? We also didn't hear how many active tax exempt senior cards there currently are.

A presentation of the City budget including the sales tax exemption impact along with financial assumptions similar to how the school district starts the budget process may be helpful in bringing the public, and seniors along throughout the process - however it turns out. The Power Cost Adjustment (fuel surcharge) power point recently made available to the public by the City provided much-needed data that helped us better understand the current energy situation. Something like this, where the sales tax data is compiled - along with actual figures displaying revenues lost, as well as possible options for addressing the overall budget shortfall in a variety of ways would be very important. **We feel this is highly preferable to the anecdotal and personal impressions Assembly members are sharing during meetings regarding the tax.**

If the primary problem is abuse of the senior exemption, which there may always be to some degree, then that should be dealt with vs scrapping the program. For a while we had a Juneau sales tax exempt card issued to non residents. I don't recall a single purchase where the card and id were not asked for. I've also been in line at checkout counters in Juneau where a senior was asked for their card and id.

We hope the program is not eliminated. We just became eligible for the program and we will manage with or without the program. However having just retired we are forced to carefully look at options and manage our budget differently. We will not stay or leave Sitka on this issue alone but it is a consideration for all retired persons in continuing to live here.

We would be happy to discuss this issue if any of you would like.

Thanks for your time and service to Sitka,

Steve & Amelia Gage
747-5587

1201 Georgeson Loop
Sitka, AK 99835
February 20, 2004

Sitka Assembly Members
101 Lincoln Street
Sitka, AK 99835

Dear Assembly Members,

After listening to the January 13th Assembly meeting topic about the sales tax cap on purchases over \$1000 because of the gap between revenue and City expenditures, I decided to prepare some comments for your consideration. More than once, I heard statements to the effect that no one has come up with other or better ideas. I have some comments and also some ideas that you may want to consider further. They are separated into categories for clarity: **Inflation and sales tax revenue; Expenditures; and New revenue sources.**

Inflation and sales tax revenue – During the meeting, at least one Assembly member gave inflation as a reason why the tax cap should be increased.

I submit that inflation is not a reason to justify raising the \$1000 limit for taxable expenditures. My rationale is that inflation in the cost of goods and services over time, as well as increases in the sale tax rate have resulted in sales tax revenue increases that have more than equaled the rate of inflation over the same period. The following illustrates my point.

In a January 1967 issue of the Sentinel, an article discussed the Assembly's consideration of tightening the enforcement of the 2% sales tax. The tax rate is 5% now and 6% percent during the peak months of the visitor season.

A subsequent January 1967 issue had an ad by one of the grocery stores. Three of the items listed were Nalley's Chili Con Carne at 39 cents for a 15 ½ oz can, a 5 lb bag of oranges for \$1.09, and a quart of Nalley's salad dressing for 59 cents. Costs for those items on January 22, 2004, were \$1.73, \$4.95, and \$9.10 respectively. The largest size of the salad dressing I could find was a pint at \$4.55. The total cost of the three items in January 1967 was \$2.07. So in January 1967, the city sales collected on those items would have totaled 4 cents. In January 2004, with a 5% tax, the total cost of the three items is \$15.78, and the sales tax is 78 cents. With the summer tax rate of 6%, the tax collected would be 94 cents.

Using the examples above with the assumption that the inflation in the cost of the items approximates the inflation of taxable purchases in general, the sales tax provided to the City and Borough has increased from 4 cents in January 1967 up to 78 cents in January 2004, or **19 fold (1900 %)**. I recognize that not every taxable item has tracked the food examples. However, it could be that the sales tax revenue increase between 1967 and now is in the neighborhood of 10 fold or 1000%.

Also, in the January 1967 newspaper, there was some discussion by the Assembly about raising the taxation cap for purchases to over \$500. It was interesting to note that the arguments made at your January 13th meeting against raising the limit above \$1000 are similar to the ones given in 1967.

Although I don't know the history or policy for monitoring and enforcement sales tax collection or even how rigorous it has been, I suspect that there may not have always been sales tax collected on rent or services, or maybe even City services. If that is the case, then there has been another increase in tax revenue not tied to inflation.

Property tax collections have also increased due to the increase in assessed value on existing properties as well as new construction

Expenditures - It is easy to sit outside the process and take pot shots at City spending. I will not do that. I support using priorities for spending decisions. That is what each household in Sitka is faced with doing. I expect our City Assembly to do the same.

City operations and services- Even though the population of Sitka is essentially the same as it was when I came 1985, there are reasons why the number of City employees and the cost of government went up.

Many of those reasons are good and justified. However given the apparent budget problems, I think there should be an objective and unbiased check to determine if we are now supporting things we do not have to, or are at a levels higher than necessary.

One way to look at it is to start with the essential services the City provides to the community. Those should be funded at the minimum level, at least to start. Not many would argue with police, fire, sewer, water and electricity. Then, higher levels of essential services and 'optional' services can be funded according to priority and available funds. Of course such a method of allocating funds is much easier to talk about than implement. With less funding available from State and Federal sources, I don't think those difficult decisions can be avoided for long.

We may not be able to support the government infrastructure currently in place. Any changes in services or elimination of positions should be in line with the priorities.

"Non-City" operations and services- What I mean by these are organizations, activities, services or facilities the City has, as an option rather than an obligation, chosen to provide support to.

A couple of examples are subsidizing some users at Sawmill Cove and providing the bed tax revenue to the Convention and Visitors Bureau. Factors to use in determining whether or not to fund, or what level to fund, could include the track record and potential of the organizations, activities, services and facilities to create or maintain jobs here, bring local and outside income to current business, and contribute sales, bed or property taxes. Our quality of life and community attractiveness should be factored in too.

Employee benefits - I would not like to see any current employees have their benefits reduced. However, when each new City employee is hired, our citizens acquire a long-term obligation to cover salary, insurance, contributions to pension funds, etc.

New revenue sources- I here are two of many possible options for additional revenue. Neither is an increase in current taxes or fees.

Sitka Community Hospital – It is great to have two hospitals in a town our size. Maybe there is a way to provide more support to SCH through a “**Sitka Health Insurance Program**”. It could start as part of the benefit package for City and Borough employees. The provisions in the program for employees would stipulate that only services obtained from SCH would be covered. Then later, the scope of the program could be expanded so that others in Sitka could buy an ‘insurance policy’ for coverage in the program. So as to not diminish benefits to current City employees, the City could provide a ‘major medical policy’ that covers services not available in Sitka at SCH.

Such a program would encourage current and retired City employees to stay in Sitka for their health care needs. The program could completely or partially replace insurance premiums the City has to pay to an insurance carrier. Offering a similar ‘policy’ with premiums to other residents of Sitka (and maybe surrounding communities) might also bring more customers to SCH.

Sitka ‘income tax’- Maybe a City ‘income tax’ could be part of our solution. Both resident and non-resident income earned in Sitka would be taxed. It would be a fair tax in that it would not disproportionately tax lower income people who could not benefit as much from the tax break on large purchases over \$1000 (or whatever amount if the cap is changed).

Then, use the **Sitka Permanent Fund** to pay a portion of the property tax for **only citizens who live in Sitka year around**. That could be a way to assure that everyone who earns money in Sitka contributes to the infrastructure and services. With the Sitka Permanent Fund defraying a portion of the property tax for the year around residents, both property owners **and** renters would benefit.

Finally, I am against any increase in the \$1000 purchase limit subject to sales tax. However, I am for development of a budget we can live within that is based upon priorities and benefits to our citizens. City staff can develop accurate assessments of the results of funding each line item as well as the consequences if you do not fund them.

Thank you for reviewing my comments.

Sincerely,

Jere Christner

Colleen Ingman

From: ~~lukejohnson@gmail.com on behalf of Luke Johnson - luke@sitka.ak~~
Sent: Wednesday, May 30, 2012 8:11 PM
To: assembly@cityofsitka.com
Subject: Opinions on Senior Sales Tax Exemption

Assembly Members,

In advance, I appreciate your consideration of my comments on the issue of repealing or modifying the Senior Sales Tax.

I felt obligated to send a quick email, as it appears in the local press that the majority of the opinions being provided to you are against any repeal/modification (or equivalently, in favor of the exemption status quo). I think with a topic like this those who stand to 'loose' are of course most vocal; and also with this issue there are probably many who are less then willing share their opinion for fear of appearances and respect for elders. I felt some need to balance the apparent opinions being shared with you.

So, as is probably obvious, I and others I know are for the removal of the sales tax exemption as a necessary mechanism to balance budgets, or any modification to make them more restrictive (such as the Fed. Income Tax inspection, raising the age threshold, etc).

For full disclosure, I am a middle aged citizen, single income family, with both children and senior parents; and I think in a private, non-governmental way I believe in supporting Seniors as much as possible.

In relation to that comment comes my biggest objection to the current Senior sales tax exemption: it provides special treatment and thus advantage to a sub-class of our citizenry. I've seen many arguments being made about the necessity of this aid to Seniors; many personal stories about economic hardships, and how life would be impacted with out this tax advantage. I think sometimes those arguments are either short sighted, or selfish. For those protesting their 'need' the loudest, hopefully they'd be the most willing to confirm their need on paper.

What is the formula to determine 'need', age alone? Age plus income taxes? A Devil's advocate might argue: the Youth need an economic advantage! Youth have their whole lives ahead of them, they need to begin saving for college or their own retirement. Or perhaps it's the middle aged who need the extra savings in monthly expenses? After all, they are the ones who are paying mortgages, feeding children, and in some cases caring for senior parents; clearly their expenses are the greatest, and they must need help the most. More Devil's advocate might add: Seniors should have their whole retirement planned out, their mortgages paid off, and their kids to support them.... if they don't, they only have themselves to blame.

Of course those comments were meant to be facetious or humorous, but hopefully the point is somewhat understood. For whatever reason historically, Sitka enacted the tax exemption in more fruitful times, and it seems like the class targeted was perhaps a bit arbitrary? (Or maybe just traditional and honorable, 'respect your elders', 'women and children first', etc.)

Hopefully not to become short sighted myself, but a closing thought from the middle aged: One might hope that the seniors who have been enjoying this benefit for (hopefully many) years would be the first and most willing to consider 'giving up' this benefit for their own city, it's well being, and their neighbors.

Thanks for your time,
Luke Johnson