

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2012-10

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING THE SALES TAX EXEMPTIONS AT SITKA GENERAL CODE 4.09.100 SUBSECTION D ENTITLED “DUES AND FEES,” SUBSECTION F ENTITLED “FREIGHT AND WHARFAGE,” SUBSECTION I ENTITLED “LOANS,” SUBSECTION J ENTITLED “MEDICAL AND VETERINARY SERVICES,” SUBSECTION M ENTITLED “OUTSIDE CITY AND BOROUGH,” SUBSECTION P ENTITLED “RESALE,” SUBSECTION V ENTITLED “GOVERNMENT-FUNDED AGENCIES,” SUBSECTION W ENTITLED “CHILD AND ADULT DEPENDENT CARE,” AND SUBSECTION Z ENTITLED “YOUTH CAMPS;” REPEALING AND REENACTING SUBSECTION O ENTITLED “PUBLIC FOOD” TO “SCHOOL SALES” AND SUBSECTIONS R ENTITLED “TELEPHONE AND TELEGRAPH” TO “MOBILE TELECOMMUNICATIONS”; REPEALING SUBSECTION T ENTITLED “LONG-TERM MOTOR VEHICLE AND EQUIPMENT RENTALS”; AND ADDING SUBSECTION AB ENTITLED “SALE OF SERVICES ON CONSIGNMENT AND COMMISSION”.

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

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

3. **PURPOSE.** The purpose of this ordinance is to amend sales tax exemptions at SGC 4.09.100 subsection D entitled “Dues and Fees,” subsection F entitled “Freight and Wharfage,” subsection I entitled “Loans,” subsection J entitled “Medical and Veterinary Services,” subsection M entitled “Outside City and Borough,” subsection P entitled “resale,” subsection V entitled “Government-funded Agencies,” subsection W entitled “Child and Adult Dependent Care,” and subsection Z entitled “Youth Camps,” to clarify exemptions in those categories. This ordinance further repeals subsection O entitled “Public Food” and reenacts it as “School Sales” and repeals and reenacts subsection R entitled “Telephone and Telegraph” to “Mobile Telecommunications.” This ordinance additionally repeals subsection T entitled “Long-term Motor Vehicle and Equipment Rentals” from exemptions under SGC 4.09.100. Finally, this ordinance adds subsection AB entitled “Sales of Services on Consignment and Commissions.”

4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that SGC4.09.100 at subsections D, F, I, J, M, P, V, W, and Z are

46 amended, subsection O and R are repealed and reenacted, and subsections is repealed, and
47 subsection AB is added as follows (new language underlined; deleted language stricken):
48

49 **Chapter 4.09**
50 **Sales Tax**

51 * * *

52
53 **4.09.100 Exemptions.**

54 The following sales are exempt from taxation:

55 * * *

56 D. Dues and Fees. Labor unions, fraternal organizations, and other nonprofit
57 organizations that have obtained an IRC 501(c) exemption certificate from the Internal
58 Revenue Service are exempt if such dues or fees are paid to become or remain a member
59 of the organization. ~~Dues or fees paid clubs, labor unions and fraternal organization are~~
60 ~~exempt.~~

61 * * *

62 F. Freight and wharfage. Freight and wharfage charges, whether arising out of
63 foreign, interstate or intrastate commerce, are exempt. Warehouse, ~~and~~ storage services,
64 and delivery services that begin and end within the City and Borough of Sitka are taxable,
65 unless such services are included in a bill of lading in conjunction with interstate
66 commerce.

67 * * *

68 I. Loans. The principal amount of the loan and the interest charged for the loan of
69 money are exempt. Any fees associated with the loaning of money are subject to sales
70 tax, unless exempt under other sections of this chapter. ~~The loaning of money and~~
71 ~~interest charged for loans is exempt.~~

72 * * *

73 J. Medical and Veterinary Services. The following sales are exempt:

74
75 1. Professional services and supplies provided within the scope of a license
76 or certificate issued by the State of Alaska to the following or similar positions:
77 doctor of medicine and surgery; doctor of osteopathy and surgery; chiropractor;
78 dentist; naturopath; optometrist; psychiatrist; psychologist audiologist; hospital;
79 medical clinic; midwife; birth center; acupuncturist; occupational therapist;
80 physical therapist; certified nurse; nurse's aide; or registered or practical nurse;

81
82 2. Controlled substances and services prescribed or provided by a person or
83 business listed in J.1. of this subsection;

84 3. Counseling services provided by an Alaska licensed or certified
85 psychiatrist, psychologist, psychological associate, clinical social worker,
86 substance abuse counselor, marital and/or family therapist;
87

88 4. Assisted living services provided by an Alaska licensed or certified
89 assisted living or respite care home;

91 5. Purchase or rentals of hearing aids, crutches, wheelchairs and similar
92 medical equipment prescribed or provided by a person or business listed in J.1. of
93 this subsection; and

95 6. Veterinary services provided by an Alaska licensed or certified
96 veterinarian.

97 ~~Medical, dental, hospital, and veterinary services are exempt. The sale of hearing~~
98 ~~aids and medicinal preparations when prescribed by a licensed practitioner are~~
99 ~~exempt. Medical, dental, hospital, and veterinary services do not include services~~
100 ~~rendered by chiroprodists, barbers, cosmeticians, masseurs, nor do they include the~~
101 ~~clipping, grooming, or boarding of animals.~~

102 * * *

103 M. Outside City and Borough. Sales of goods or services resulting from orders received
104 from outside the city and borough by mail, telephone, or other similar public
105 communication where delivery of the property ordered or performance of the service is
106 made outside the city and borough by mail or common carrier are exempt.

107 * * *

108 O. School Sales.

109
110 1. Retail sales, rentals, or services at a school-approved activity by a school-
111 approved group raising funds for its school-approved purpose.

112
113 2. Retail sales in school cafeterias of food or beverages not sold in such school
114 cafeterias to the general public.

115
116 3. As used in this subsection, school means a public or private primary school,
117 secondary school, or university. This section does not exempt tutor services.

118
119 ~~Public Food. The sale of food and beverages to the public in a school district or~~
120 ~~college cafeteria or lunchroom which are operated primarily for teachers and~~
121 ~~students and not for profit is exempt.~~

122
123 P. Resale. A sale by a business in the line of activity involving the resale of a product,
124 service or rental to a consumer who holds a valid Sitka exemption certificate is exempt,
125 as further defined below:

126
127 1. Sales of tangible personal property to a wholesaler, retailer or other
128 purchaser will only be exempt if such purchaser resells the same goods, in the
129 same or altered form. Supplies, tools, equipment or any other goods purchased to

130 support business operations but not for resale in accordance with this subsection
131 are not exempt.

132
133 2. Services sold for resale when the services are directly integrated into
134 services or goods sold by the buyer located in Sitka and who has a Sitka
135 exemption certificate, to another purchaser in the normal course of business,
136 provided that the services are purchased separately for resale, and the services are
137 identified, charged for and billed for separately from any other services.

138
139 3. Real Property rented as an entire transfer and identified, charged for and
140 billed as such.

141
142 ~~A sale for resale of a product, service or rental to a consumer where the resale is~~
143 ~~subject to tax is exempt.~~

144 * * *

145 R. Mobile Telecommunications. ~~Mobile telecommunication services are exempt, except~~
146 ~~as taxable under AS 29.45.750. Telephone and Telegraph. Telephone conversations and~~
147 ~~telegraph messages are exempt. Telephone service to subscribers residing within the city~~
148 ~~and borough is taxable.~~

149 * * *

150 T. RESERVED. ~~Long Term Motor Vehicle and Equipment Rentals. The long term~~
151 ~~lease or rental of motor vehicles and equipment is exempt. "Long term" is defined as~~
152 ~~being a period of at least thirty consecutive days.~~

153 * * *

154 V. Government-Funded Agencies. ~~Nonprofit organizations that qualify as tax exempt~~
155 ~~under IRC section 501(c) and derive fifty percent or more of their gross revenue from~~
156 ~~local, state, or federal government sources are exempt from paying sales tax if:~~

157
158 1. ~~The In order to qualify for this exemption an organization must file~~ an
159 annual report setting out its qualifications; and

160
161 2. ~~The Any initial application for exemption is approved by City and~~
162 Borough of Sitka and an exemption certificate is issued. The date of the
163 certificate becomes the effective date of the tax exemption. The City and
164 Borough of Sitka has a maximum of thirty days to review an application and grant
165 an exemption certificate. shall become effective thirty days after the date of its
166 filing.

167
168 W. Child and Adult Dependent Care. ~~The sales of child day care, pre-elementary school~~
169 care, and babysitting services and adult dependent care are exempt. Child Care. The sale
170 of child care services is exempt.

171 * * *

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