

# Potential Sales Tax Free Days for 2023

**Friday, November 24**

**Saturday, November 25**



**I MOVE** to authorize \_\_\_\_date(s)\_\_\_\_ as Sales Tax Free day(s) for 2023 noting the sales tax free day(s) will not be applicable to any sale of fuel, alcoholic beverages, tobacco products, and marijuana, nor affect any sale which is part of a continuing obligation of the buyer to pay the seller over time.

#### **4.09.020 Collection of tax.**

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

B. The assembly at their first meeting of September each year shall consider whether to authorize any sales tax free day(s) that have historically followed Thanksgiving. If authorized, the sales tax free day(s) will not be applicable to any sale of fuel, alcoholic beverages, tobacco products, and marijuana, as such are defined in this code, nor affect any sale which is part of a continuing obligation of the buyer to pay the seller over time.

#### **4.09.010 Levy of sales tax.**

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

B. The rate of levy of the sales tax levied under subsection A of this section is five percent on sales made during the months of October, November, December, January, February, and March. The rate of levy of the sales tax levied under subsection A of this section is six percent on sales made during the months of April, May, June, July, August, and September.<sup>1</sup>

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

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

D. In place of the consumer's sales tax levied in subsection A of this section, there is levied a consumer's sales tax on sales made in the city and borough of Sitka of marijuana, as "marijuana" is defined in AS 17.38.900(10), and marijuana products, as "marijuana products" is defined in AS 17.38.900(15). The rate of levy of the sales tax under this subsection is six percent on sales made during the first year, starting on January 1, 2023, and eight percent on sales made during the second year and each year thereafter. The sales tax collected under this subsection shall be deposited by the finance director into the student activities fund. Each year during the annual budget process an appropriation from the student activities fund will be made based on projected annual revenue and the funds appropriated will be transferred to the Sitka school district. This funding will be restricted to the support of extracurricular student activities and associated travel costs.

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

#### **4.09.270 Returns—Payment—Authority of city and borough of Sitka.**

---

A. A person who has a tax liability under Section [4.09.010](#) shall file a return on a form or in a format prescribed by the city and borough of Sitka and pay the tax due quarterly. The return shall be filed and the tax paid on or before the last day following the end of the period for which the tax is due. Each person engaged in business in the city and borough of Sitka subject to taxation under Section [4.09.010](#) shall file a return in accordance with the following:

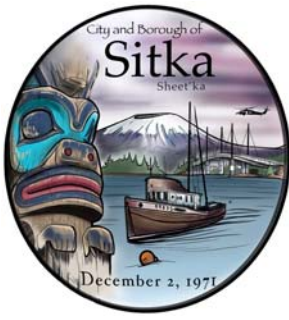
1. Quarterly. Unless as otherwise provided for in this section, sellers shall on or before the last day of the month succeeding the end of each quarter year ending March 31st, June 30th, September 30th, and December 31st, prepare a return for the preceding quarter year. Returns shall be filed personally, with the finance department by 4:45 p.m., placed in the drop box located outside of City Hall, or postmarked on the last day of the month following the end of each quarter year. In the event the last day of the month falls on a legal holiday, Saturday, or Sunday, then the return may be filed on the first business day following.
2. Monthly. If a seller fails to file or is late in filing returns for two of the last four quarters, the finance director may require the seller to submit returns and payment each month.
3. Yearly. If a seller submits within the dates required for the four quarterly returns for a calendar year and the total amount collected and remitted to the city and borough of Sitka is two hundred dollars or less, seller may request in writing to the finance director, to file a sales tax return once a year for the previous calendar year. The yearly sales tax return is due on January 31st of each year. If total sales tax collected and/or remitted to the city and borough of Sitka exceeds two hundred dollars, seller may be required to file quarterly sales tax returns for future sales. If seller fails to file yearly sales tax return by due date, seller may be required to file and remit sales tax quarterly. If the seller fails to file yearly sales tax return and the amount of sales tax collected during the period of the return exceeds five hundred dollars, seller may be required to submit sales tax returns and remit sales tax to the city and borough of Sitka monthly for a minimum of one year.
4. Itinerant Seller. A person doing business within the city and borough of Sitka and liable for an itinerant nonresident business license on less than an annual basis shall file a sales tax return and remit

in full the tax shown as due within twenty-four hours following the expiration of his license, but in any event prior to leaving the city and borough of Sitka.

5. Filing to be Continuous. A person who has filed a sales tax return will be presumed to be making sales in successive quarters unless the person files a return showing termination or sale of their business.

B. For the purposes of the sales tax, a return must be filed by the seller required to collect the tax.

C. Each return must be authenticated by the person filing the return or by the person's agent authorized in writing to file the return.



# CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

## MEMORANDUM

**To:** Mayor Eisenbeisz and Assembly Members

**Thru:** John Leach, Municipal Administrator

**From:** Melissa Haley, Finance Director

**Date:** September 6, 2023

**Subject:** FY2024 Sales Tax-Free shopping days

---

### **Background**

Per SCG 4.09.020, each year the assembly must decide at the first meeting in September whether to authorize sale tax-free days (historically, the two days following Thanksgiving). The sales tax-free sales do not apply to fuel, alcohol, tobacco, or marijuana.

### **Analysis**

A complicating factor is that we are required to inform the Alaska Remote Sellers Sales Tax Commission (ARSSTC) of any sales tax-free days adopted by the Assembly, as we cannot treat remote sellers differently than local vendors. While it is likely that many remote sellers will be unable to implement this within their systems, some may be able to do so, and as software becomes more robust, the likelihood that remote sellers will implement the sales tax-free days increases.

### **Fiscal Note**

Based on analysis of last year's returns, we anticipate that a minimum of \$750,000 in exempt local sales will be made. At this level, the cost in sales tax revenue of two sales-tax free days following the Thanksgiving holiday would be \$37,500. Tracking was improved for the last year's tax free days, which has provided better information to make this estimate.