

# CITY AND BOROUGH OF SITKA

## ORDINANCE NO. 2014-08

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA, ALASKA  
REVISING CHAPTER 4.09 SALES TAX OF THE SITKA GENERAL CODE, UNDER  
SUBSECTION 4.09.110 ENTITLED "RESIDENCE CONSTRUCTION TAX REFUND,"  
TO EXTEND THE TIME PERIOD FOR APPLYING FOR THE REFUND TO TWO  
YEARS AFTER THE ISSUANCE OF THE BUILDING PERMIT, AND, TO CLARIFY  
THAT ONLY ONE REFUND PER BUILDING PERMIT WILL BE ISSUED**

**BE IT ENACTED** by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. **CLASSIFICATION.** This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code.
2. **SEVERABILITY.** If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person or circumstances shall not be affected thereby.
3. **PURPOSE.** The purpose of this ordinance is to revise Section 4.09.110 of the Sitka General Code, Residence Construction Tax Refund, to extend the period to apply for the refund to up to two years after the issuance of the building permit to clarify which permits begin the two year time period, to provide for a mechanism for collecting tax on the sale of a home completed within the two year period, and, to clarify that only one refund per building permit will be issued.
4. **ENACTMENT.** The Assembly of the City and Borough of Sitka hereby revises Section 4.09.110 of the Sitka General Code (eliminated language is struck through and new language is in bold and underlined).

### **Chapter 4.09 Sales Tax**

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#### **4.09.110 Residence construction tax refund.**

Upon proper application the city and borough will refund sales tax paid on the construction of an owner-occupied single-family dwelling or duplex.

- A. The dwelling must be a new dwelling unit, not merely an extension of an existing unit.
- B. At the time of refund application, ~~applicant must be residing in the dwelling, the dwelling must be certified ready for occupancy by the building official and less~~ **no more than one two** years shall have passed since the issuance **of either a grading permit, foundation permit, or building permit. The applicant may choose which permit issuance date begins the two year period.** No refund shall be made for items purchased prior to the issuance of the ~~building~~ permit **selected by the applicant.** No sales tax paid to businesses outside of the city and borough shall be refunded.
- C. The refund shall be the amount of sales tax actually paid for materials and services used in the construction of the dwelling. This shall include lumber, building materials, electrical and plumbing supplies or services, furnace and other heating apparatus and permanent carpeting and major appliances, such as kitchen stove, refrigerator, washer, dryer and freezer. Items not included are throw rugs, televisions, furniture, drapery, pictures and minor appliances, not built into the building. Also not included are tools and machinery purchased to use in the construction of the dwelling, nor shall it include spare material(s) not used.
- D. Upon application for a refund the applicant shall certify, under penalty of perjury:
1. The sales tax requested to be refunded has actually already been paid to the supplier;
  2. That all items for which a refund is requested were consumed in the construction of the dwelling or have actually been installed in the dwelling.
  - 3. That all services were used to prepare the lot for construction, construct the dwelling, or install materials in the dwelling.**
- E. Applications for refund shall be made to the finance director and shall be supported by detailed invoices. **Such invoices must be presented in an orderly fashion with the total amount of refund being applied for totaled.** The finance director will disallow unsupported application or portions thereof. Appeals may be made to the assembly.

**F. Only one refund will be issued in conjunction with the same building permit. If a builder chooses to apply for a refund prior to completion of construction during the two year period commencing with the issuance of the building permit and subsequently incurs additional construction costs after the issuance of a refund, sales taxes paid on those additional costs will not be refunded, even if incurred within two years after the issuance of the building permit.**


**G. If a non-contractor home builder completes and sells a home prior to the end of the two-year time period for refunds, the amount of applicable sales tax will be deducted from the amount of the refund. This is the amount of sales tax applicable to the sale of the home in affect at that time.**

**EFFECTIVE DATE.** This ordinance shall become effective the day after the date of passage.

**PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska this 8<sup>th</sup> day of April, 2014.

  
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**Mim McConnell, Mayor**

**ATTEST:**

  
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**Colleen Ingman, MMC**  
**Municipal Clerk**