

Potential Sales Tax Free Days for 2017

Friday, November 24

Saturday, November 25



I **MOVE** to authorize _____ as Sales Tax Free day(s) for 2017 noting the sales tax free day(s) will not be applicable to any sale of fuel, 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 Section [4.09.010\(A\)](#) 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, 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.¹

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. Except as provided in subsection C 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.

Memo

Through: Keith Brady, Administrator
To: Mayor Hunter and Assembly Members
From: Jay Sweeney, Chief Finance and Administrative Officer
Date: September 6, 2017
Re: FY2018 Tax Free Shopping Days

Issue:

The Assembly is being asked to determine if any sales tax free days will be authorized for 2017.

Facts:

1. The Sitka General Code, in Section 4.09.020 B, specifies that at their first meeting in September each year, the Assembly shall consider whether to authorize any sales tax free days that have historically fallen on the Thanksgiving holiday weekend.
2. The Assembly has traditionally authorized the Friday and Saturday following Thanksgiving as sales tax free days.
3. The amount of sales tax foregone is estimated to be approximately \$50,000.

Discussion:

1. Sales tax free days have been popular with both local merchants and citizens. Local merchants report a significant uptick in sales during such days.
2. The Sitka General Code was amended previously to move the authorization of sales tax free days to September in order to give merchants significant lead time to be able to order inventory and plan sales promotions for sales tax free days.
3. Administration of sales tax free days does not present any significant administrative burden of to Finance staff.

Recommendation:

Administration recommends that the Assembly authorize November 24 and 25, 2017 as sales tax free days.