

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2012-46A

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING SITKA GENERAL CODE TITLE 4, CHAPTER 9 ENTITLED "SALES TAX" AND MAKING CORRESPONDING CHANGES IN SITKA GENERAL CODE TITLE 4, CHAPTER 24 ENTITLED "HOTEL, MOTEL AND BED AND BREAKFAST TRANSIENT ROOM TAX"

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 purpose of this ordinance is to "clean up" and clarify the SGC by amending, deleting, changing, or adding provisions to SGC 4.09 entitled "Sales Tax" and SGC 4.24 entitled "Hotel, Motel and Bed and Breakfast Transient Room Tax."

The amendments to SGC 4.09 are as follows:

- SGC 4.09.010 entitled "Levy of sales tax" amended at subsection B by making clerical edits regarding rate of levy and amending footnote 1 regarding seasonal sales tax
- SGC 4.09.040 entitled "Separate statement of tax - No advertising to absorb or refund tax" amended by adding "open markets" and "ticket sales" to subsection B
- Subsections in SGC 4.09.100 entitled "Exemptions" amended as follows –
 - D entitled "Dues and Fees" to include nonprofit organizations with IRC 401(c) exemption certificates
 - F entitled "Freight and Wharfage" to include delivery services within the City and Borough of Sitka
 - G entitled "Governmental Agencies" to clarify governmental agencies that are exempt
 - I entitled "Loans" to clarify exemption
 - J entitled "Medical and Veterinary Services" to clarify exemptions
 - M entitled "Outside City and Borough" by making clerical edits
 - O entitled "Public Food" is renamed "School Sales," and adds other sales, rentals and services in addition to food and beverages
 - R entitled "Telephone and Telegraph" is deleted and renamed "Reserved"
 - T entitled "Long-Term Motor Vehicle and Equipment Rentals" is deleted and renamed "Reserved"

- V entitled “Government-Funded Agencies” amends the qualifying procedure
- W entitled “Child Care” is renamed “Child and Adult Dependent Care” and amended accordingly
- Y entitled “Exemption For Retired Persons Who Have Reached the Age of Sixty-Five” is renamed by deleting “Retired” and amended accordingly. It also is amended to include “qualified domestic partner” as well as spouse of a person sixty-five years old or older. Additionally, it changes the sales tax exemption card to a certificate, and moves reporting of such exempt sales and penalties to other sales tax sections
- Z entitled “Youth Camps” expands to include nonprofit youth recreations, summer and similar camps primarily serving persons under 18 years of age
- AB entitled “Sale of Services, Costs or Commission” is added
- SGC 4.09.110A entitled “Residence construction tax refund” deleted to remove outdated requirements
- SGC 4.09.220 entitled “Exempt certificate – Form” renamed as “Exemption Certificate – Form” and expands certificate content
- SGC 4.09.230 entitled “Exemption certificate – Requirements” adds expiration and fee requirements
- SGC 4.09.240 entitled “Improper use of subject of purchase obtained with exemption certificate – Penalty” amends penalties for improper use of sales tax exemption certificates
- SGC 4.09.270 entitled “Returns – Payment _ Authority of City and Borough of Sitka” amended to specify delivery location for sales tax returns and to make clerical edits
- SGC 4.09.280 entitled “Form of return” amends categories under subsection A
- SGC 4.09.285 entitled “Additional information required from holders of conditional use permits for short-term rentals in residential zones” deleted as outdated and renamed “Reserved”
- SGC 4.09.290 entitled “Substantiation of sales and exemptions” amended to specify types of sales in subsection A, modifies subsection E to reflect tax exemption for retail sales over One Thousand Five Hundred Dollars (\$1,500.00), and modifies subsection F to delete “retired” from senior citizen tax exemption
- SGC 4.09.310 entitled “Deduction for bad debts” at subsection D deleted because outdated
- SGC 4.09.320 entitled “Timely filing allowance” amended by making clerical edits
- SGC 4.09.330 entitled “Security – Limitations – Sales of security deposit at auction – Bond” amended by making clerical edits
- SGC 4.09.345 entitled “Application of payments” added to establish provisions for application of past due payments

- SGC 4.09.350 entitled “Procedures on delinquencies” amended to specify late filing fees for returns and changes penalty calculation
- SGC 4.09.395 entitled “General Penalty Provision” added to establish provisions for penalties not otherwise addressed
- SGC 4.09.410 entitled “Sales tax audits” amended and makes clerical edits regarding retroactive interest
- SGC 4.09.420L entitled “Services” adds subsection 4 to include travel and adventure services

In addition, this ordinance amends SGC 4.24 entitled “Hotel, Motel and Bed and Breakfast Transient Room Tax” as follows:

- SGC 4.24.040 entitled “Transient room tax audits” at subsection D amended audit period from three years to six years to match the sales tax code
- SGC 4.24.050 entitled “Exemptions of Housing For Students Attending the Sitka Fine Arts Camp” renamed to “Youth Camps,” and makes corresponding edits

4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that SGC4.09.010B; 4.09.040B; 4.09.100D, F, G, I, J, M, O, R, T, V, W, Y, Z and AB; 4.09.110A; 4.09.220; 4.09.230D, E, F and G; 4.09.240C, 4.09.270A and B; 4.09.280A; 4.09.285; 4.09.290A, E and F; 4.09.310D; 4.09.320A; 4.09.330A; 4.09.345; 4.09.350; 4.09.395; 4.09.410B, D, and E; 4.09.420L; 4.24.040D; 4.24.050; and Title 4 Footnote 1 are amended as follows (new language underlined; deleted language stricken):

**Chapter 4.09
SALES TAX**

Sections:

- 4.09.010 Levy of sales tax.**
- 4.09.020 Collection of tax.**
- 4.09.030 Presumption of taxability—Sales price and purchase price.**
- 4.09.040 Separate statement of tax—No advertising to absorb or refund tax.**
- 4.09.100 Exemptions.**
- 4.09.110 Residence construction tax refund.**
- 4.09.120 Exemption from seasonal sales tax increase.**
- 4.09.210 Exempt sales.**
- 4.09.220 Exemption certificate—Form.**
- 4.09.230 Exemption certificate—Requirements.**
- 4.09.240 Improper use of subject of purchase obtained with exemption certificate—Penalty.**
- 4.09.250 Liability for payment of tax—Security for retailer without place of business—Penalty.**
- 4.09.260 Method of accounting.**
- 4.09.270 Returns—Payment—Authority of city and borough of Sitka.**

- 4.09.280 Form of return.
- 4.09.285 ~~Reserved. Additional information required from holders of conditional use permits for short-term rentals in residential zones.~~
- 4.09.290 Substantiation of sales and exemptions.
- 4.09.300 Methods.
- 4.09.310 Deduction for bad debts.
- 4.09.320 Timely filing allowance.
- 4.09.330 Security—Limitations—Sales of security deposit at auction—Bond.
- 4.09.340 Taxpayer quitting business— Liability of successor.
- 4.09.345 Application of payments.
- 4.09.350 Procedures on delinquencies.
- 4.09.360 Tax as debt.
- 4.09.370 Refunds and credits.
- 4.09.380 Period of limitation.
- 4.09.390 Taxes lien.
- 4.09.395 General Penalty Provision.
- 4.09.400 Rules and regulations.
- 4.09.405 Confidential and nonconfidential tax information.
- 4.09.410 Sales tax audits.
- 4.09.420 Definitions.

4.09.010 Levy of sales tax.

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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. ~~Effective April 1, 2004, 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 The rate of levy of the sales tax shall become five percent all year around three days after the administrator certifies in writing to the assembly that either (a) any and all bonds issued pursuant to the ratification by the voters on March 18, 2003, of propositions set out in Ordinances Nos. 02-1707 and 02-1712 are entirely paid off or (b) the seasonal sales tax increase of one percentage point on sales made during the months of April, May, June, July, August, and September described in the previous sentence has generated (or based on historical projections will generate in the next succeeding quarter) sufficient revenues to pay off any and all bonds issued pursuant to the ratification by the voters on March 18, 2003, of propositions set out in Ordinances Nos. 02-1707 and 02-1712, whether or not such bonds have been paid off.~~

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TITLE 4 FOOTNOTES

1 The seasonal sales tax increase ordinance codified in this section will sunset three days after the administrator certifies in writing to the assembly that either (a) any and all bonds issued and matching grant monies pledged pursuant to the ratification by the voters on March 18, 2003, of either bonding proposition A or bonding proposition B are entirely paid off or (b) the seasonal tax increase enacted by the ordinance codified in this section has generated (or, based on historical projections, will generate in the next succeeding quarter) sufficient revenues to pay off any and all bonds and matching grant monies issued pursuant to voter the ratification on March 18, 2003, of either bonding proposition A or bonding proposition B, whether or not such bonds or matching grant monies have been paid off.

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4.09.040 Separate statement of tax—No advertising to absorb or refund tax.

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B. The sales tax must be stated separately for all sales, except for sales from coin-operated or currency-operated machines, sales of drinks in a bar, sales on the dock, sales from street vending carts, admission fees, open markets, ticket sales, taxi fares, and other sales as determined by regulation by the assembly of the city and borough of Sitka.

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4.09.100 Exemptions.

The following sales are exempt from taxation:

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D. Dues and Fees. Dues or fees paid to become or remain a member of clubs, a labor unions, and fraternal organizations or nonprofit organization that has obtained an IRC 501(c) tax exemption certificate are exempt.

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

G. Governmental Agencies. A sale directly to any Federal, State, Municipal or Tribal the United States government, the state of Alaska and its political subdivisions, the city and borough, or any departments thereof, or any department or agency of these governments, is exempt. Any sale made to Sitka Tribe of Alaska made on or after January 1, 2002, is exempt.

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

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

1. Professional services and supplies provided within the scope of a license or certificate issued by the State of Alaska ("Alaska licensed or certified") to the following or similar positions: doctor of medicine and surgery; doctor of osteopathy and surgery; chiropractor; dentist; naturopath; optometrist; psychiatrist; psychologist audiologist; hospital; medical clinic; midwife; birth center; acupuncturist; occupational therapist; physical therapist; certified nurse; nurse's aide; or registered or practical nurse;
2. Prescription drugs and medical services prescribed or provided by a person or business listed in J.1. of this subsection;
3. Counseling services provided by an Alaska licensed or certified psychiatrist, psychologist, psychological associate, clinical social worker, substance abuse counselor, marital and/or family therapist;
4. Assisted living services provided by an Alaska licensed or certified assisted living or respite care home;
5. Purchase or rentals of hearing aids, crutches, wheelchairs and similar medical equipment prescribed or provided by a person or business listed in J.1. of this section; and
6. Veterinary services and prescribed supplies provided within the scope of an Alaska licensed or certified veterinarian.

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

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

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O. School Sales.

1. Retail sales, rentals, or services at a school-approved activity by a school-approved group raising funds for a school-approved purpose;
2. Retail sales in schools of food or beverages not sold to the general public; and

3. As used in this subsection, school means a public or private, primary or secondary school, university, trade school or college. This subsection does not include tutor services.

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

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~~R. **Reserved.** Telephone and Telegraph. Telephone conversations and telegraph messages are exempt. Telephone service to subscribers residing within the city and borough is taxable.~~

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

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

- ~~1. The In order to qualify for this exemption an organization must files an bi-annual report setting out its qualifications; and~~
- ~~2. The Any initial application for exemption is approved by City and Borough of Sitka and an exemption certificate is issued. The date of the certificate becomes the effective date of the tax exemption. City and Borough of Sitka has a maximum of thirty days to review an application and grant an exemption certificate. shall become effective thirty days after the date of its filing.~~

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

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Y. Exemption for ~~Retired~~ Persons Who Have Reached the Age of Sixty-Five.

1. Any ~~retired~~ person sixty-five years of age or older who is a resident of the state of Alaska may apply for and be issued by the finance director a senior citizen sales tax exemption eard certificate which entitles the earthholder person, and the earthholder person's spouse, or the person's qualified domestic partner to be exempt from sales tax for the purchase of goods, services or rentals which are solely for the personal use or consumption of the earthholder person, and the earthholder person's spouse, or the person's qualified domestic partner. This

exemption does not apply for purchases for the earthholder person, and ~~the earthholder person's spouse, or the person's qualified domestic partner:~~

- a. for use in any trade or business venture(s), including but not limited to commercial fishing, or
- b. for purchase of alcoholic beverages, cigarettes, or other tobacco products.

2. Definitions.

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~~"Retired" under this section, requires both the applicant and spouse be substantially out of the labor force or, if still working nearly full time, the pay received must be at a reduced rate from what the person earned previously.~~

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

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

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

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

~~48. A resident at least sixty years old, who otherwise qualifies for the exemption, and is the widow, ~~or~~ widower, or qualified domestic partner of a deceased person who qualified for the exemption under Y.1. subsection A of this section, may apply for and be issued a senior citizen sales tax exemption card certificate.~~

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Z. Youth Camps. Fees charged for nonprofit youth recreation, summer, and similar camps primarily serving persons under 18 years of age are exempt. Exemption of Housing for Students Attending the Sitka Fine Arts Camp. Housing for students attending the Sitka Fine Arts Camp is exempt from the sales tax.

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AB. Sale of Service Costs or Commission. That part of the sales price paid by the buyer for Sitka travel and adventure services purchased outside the City and Borough of Sitka which is not remitted, directly or indirectly, to the person providing or performing the service, and which is a selling cost or commission or similar charge.

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. ~~Construction must have begun and a building permit secured after April 22, 1980.~~

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4.09.220 Exemption certificate—Form.

A. The city and borough of Sitka shall provide an application for an exemption certificate. Upon approval of the application and issuance of the certificate, a purchaser shall use-present the certificate when purchasing goods, or services for resale or for other exempt transactions, for purchases by a government, approved government supported non-profit agency, or by an authorized senior citizen.

B. The certificate must include:

1. FOR RESALE:

- a. The Ggeneral character of property or service sold by the purchaser in the regular course of business intended for resale;
- 2b. The Nname and address of the purchaser; and
- 3c. The Ssignature or electronic signature of the purchaser;
- d. Expiration date; and
- e. City and Borough of Sitka's authorized exemption number.

2. FOR SENIOR CITIZEN:

- a. Name and address of the purchaser or purchaser's designee;
- b. Signature or electronic signature of the purchaser or purchaser's designee;
- c. Expiration date as appropriate for the authorized exemption; and
- d. City and Borough of Sitka's authorized exemption number.

3. FOR ALL OTHERS:

- a. Name and address of the purchaser;
- b. Expiration date as appropriate for the authorized exemption; and
- c. City and Borough of Sitka's authorized exemption number.

4.09.230 Exemption certificate—Requirements.

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D. Resale exemption certificates may be issued annually to businesses who are current in filing and remitting sales tax, valid for one calendar year.

E. Senior citizen exemption certificate is valid for life.

F. The fee of an exemption certificate is twenty-five dollars (\$25.00), and five dollars (\$5.00) for a replacement certificate.

G. The exemption certificate shall be surrendered and is void when the holder no longer qualifies for the exemption.

4.09.240 Improper use of subject of purchase obtained with exemption certificate -- Penalty.

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C. The Finance Director may revoke any exemption certificate if the holder has been found to have provided false information when applying for the certificate, used the exemption certificate to obtain an exemption to which the exemption holder is not entitled, has permitted another to use the exemption certificate to obtain an exemption to which the other holder is not entitled, or ceases to be entitled to the exemption from sales tax for which the certificate was issued. The revocation shall be permanent unless the Finance Director, upon approval of the Administrator, provides for a shorter revocation period.

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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 quarter for which the tax is due. Each person engaged in business in the city and borough of Sitka is 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 Ffinance Ddirector may will 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 (\$200.00) or less, seller may request in writing to the ~~F~~finance ~~D~~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 (\$200.00), seller may ~~will~~ 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 ~~will~~ 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 (\$500.00), seller may ~~will~~ 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.

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

4.09.280 Form of return.

On forms furnished by the city and borough of Sitka, the seller shall furnish the following information, sign the form and certify that it correctly states the information purportedly set forth:

- A. Total sale divided into the following categories:
 1. Retail and wholesale sales/services, including materials;
 2. Long-term rentals of property or equipment (thirty days or more); and Services rendered, including materials;
 3. Short-term rRentals of property or equipment (less than thirty days).

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4.09.285 ~~Reserved. Additional information required from holders of conditional use permits for short-term rentals in residential zones.~~

~~Between June 16, 2005, and January 31, 2006, all holders of conditional use permits for short-term rentals in residential zones shall submit with each quarterly sales tax return on a form provided by the city and borough information relating to those rentals. The information to be submitted on the form shall include the property owner's name, the address of the property, the type of structure, the number of approved rooms, the number of days each dwelling unit is rented on a short-term basis by month, and any status such as relinquishment of the permit. The information submitted with the quarterly return due on or before July 31, 2005, shall include information on both the first and second quarters of 2005. The finance department may share the information gathered with the planning department under the same restrictions of confidentiality that the finance department holds other tax information that discloses the particulars of a business.~~

4.09.290 Substantiation of sales and exemptions.

The seller shall maintain records that will substantiate all amounts listed on the returns filed with the city and borough and include the following information needed by line item:

- A. Gross receipts should at a minimum provide documentation for the following sales:
 - 1. Retail and wholesale sales/services rendered, including materials;;
 - 2. Long-term rentals of property or equipment (thirty days or more); and Services rendered, including materials;
 - 3. Short-term Rentals of property or equipment (less than thirty days).;

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- E. A substantiation of the balance of all retail sales claimed exempt under Section 4.09.100(N), Over One Thousand Five Hundred Dollars on Sales and Rents of Tangible Personal Property and on Sales of Services, and Over One Thousand Five Hundred Dollars in Rent or Lease of Real Property on a Monthly Basis, by a listing of each sale and the amount of each which was not taxable;

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- F. A substantiation of sales exempt from the tax under Section 4.09.100(Y), Exemption for ~~Retired~~ Persons Who Have Reached the Age of Sixty-Five, that lists:

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4.09.310 Deduction for bad debts.

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- ~~D. A person filing a return under Section 4.09.280 may deduct any bad debt that occurred after January 1, 1999, through December 31, 2003, on any return due during the 2004 calendar year. Bad debts that occur during the 2004 calendar year may be deducted on the first quarter return in 2005 and thereafter each first quarter return will be used to declare the previous year's bad debts.~~

4.09.320 Timely filing allowance.

- A. A person filing a return under Section 4.09.270 may claim an allowance in the amount of three percent (3%) of the tax determined to be payable to the city and borough of Sitka or one hundred dollars (\$100.00) a quarter, whichever is less, if the return is timely filed and the tax is timely paid provided:

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4.09.330 Security—Limitations—Sales of security deposit at auction—Bond.

- A. The city and borough of Sitka may require a retailer to deposit with the city and borough of Sitka security in a form and amount that the city and borough of Sitka determines is appropriate. The deposit may not be more than twice the estimated average liability for the period for which the return is required to be filed or ten thousand dollars (\$10,000.00), whichever is less. The amount of security may be increased or decreased by the city and borough of Sitka, subject to the limitations provided in this section.

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4.09.345 Application of payments.

A. Any payment submitted to the Finance Department for any taxes, fees, penalties, interest or cost due under any provision of this chapter shall be credited to the tax period for which remitted in the following order:

1. Costs;
2. Fees/Penalties;
3. Interest; and then
4. Taxes.

B. If no tax period is specified, payment is applied to the balance due as a whole in the following order:

1. Costs;
2. Fees/Penalties;
3. Interest; and then
4. Taxes.

4.09.350 Procedures on delinquencies.

A. Late fee, Penalty and Interest. Late fee, Ppenalty and interest will be assessed as follows:

1. A late fee will be charged if the seller does not file the proper form(s) in a timely manner for the tax due dates listed in section 4.09.270. A fee of fifteen dollars (\$15.00) will be charged the first month or any part of that month, with an additional twenty-five dollars (\$25.00) added for each additional month or portion of a month, up to a maximum of one hundred dollars (\$100.00).

~~21. If the seller does not file the proper forms and or remit the sales tax then due on the dates listed in Section 4.09.270, a penalty equal to five percent (5%) of the delinquent tax, but in no event less than fifteen dollars, shall be added to the tax for the first month or any part of that month, thereof, and an additional five percent (5%) shall be added to the tax due for each month or part of a month fraction thereof for delinquency, with until a total penalty of twenty-five percent (25%) has accrued. It shall be assessed and collected in the same manner as the tax is assessed and collected. The minimum penalty amount for the second month will be twenty five dollars. The minimum penalty amount for the third month will be fifty dollars and the minimum penalty amount for the failure to file the proper forms and or remit the sales tax after ninety days after due date will be one hundred dollars.~~

32. In addition to the late fee and penalty provided in subsection (A)(1) and (2) of this section, interest at the rate of twelve percent (12%) per year on the delinquent tax from the date of delinquency until paid shall accrue and be collected in the same manner as the delinquent tax is collected.

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4.09.395 General Penalty Provision.

Violation of this chapter is a misdemeanor punishable by a fine of not more than five hundred dollars (\$500.00) or by imprisonment for not more than thirty days, or by both. Additionally, each and every day during any portion of which a violation or failure to comply is committed, permitted, or continued shall be a separate offense, and shall be charged and punished accordingly.

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4.09.410 Sales tax audits.

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B. The Finance Director shall be responsible for directing that sales tax audits take place and for selecting the particular sellers whose business records will be audited.

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D. Sellers selected for a sales tax audit will be notified by letter and will be required to meet with, and make available for inspection and copying all pertinent business records including income tax returns that may be requested for the prior six fiscal years for examination, to the finance department employee, or contractor conducting the audit, within thirty days of notification. Under extenuating circumstances, the Finance Director may grant an extension of time for compliance at the director's discretion.

E. After completion of a sales tax audit, sellers subject to the audit will be notified of the results of the audit by letter. If the audit has resulted in an additional sales tax liability to the city and borough of Sitka, the additional sales tax, with interest assessed retroactive to the date the sales tax was due, must be remitted to the city and borough of Sitka within fourteen days after the receipt of the letter, or the additional sales tax will be considered delinquent and subject to the procedures on delinquencies outlined in Section 4.09.350. If the audit has resulted in a refund due the seller, the refund will be sent to the seller within fourteen days, or applied to the seller's account, at the seller's option.

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4.09.420 Definitions.

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L. "Service" means an activity that is engaged in for another person for consideration and that is distinguished from the sale or lease of property; in determining what a service is, the intended use, principal objective, or ultimate objective of the contracting parties is irrelevant; "service" includes:

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4. Travel and adventure services means tours and charters on land and water, guide services, admissions, lectures, transportation services (excluding air transportation), and the rental of lodging, aircraft, vehicles, watercraft, and equipment, including fishing, boating, camping and other tour or adventure related goods. Travel and adventure services also include sales of goods incidental or related to such services.

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**Chapter 4.24
HOTEL, MOTEL AND BED AND BREAKFAST TRANSIENT ROOM TAX**

Sections:

- 4.24.010 Definitions.**
- 4.24.020 Imposition of hotel, motel, bed and breakfast transient room rental tax.**
- 4.24.030 Collection and accrual.**
- 4.24.040 Transient room tax audits.**
- 4.24.050 Youth Camps. ~~Exemption of housing for students attending the Sitka Fine Arts Camp.~~**
- 4.24.060 Confidential and nonconfidential tax information.**

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4.24.040 Transient room tax audits.

* * *

D. Operators selected for a transient room tax audit will be notified by letter and will be required to meet with, and make available for inspection and copying all pertinent business records including income tax returns that may be requested for the prior six ~~three~~ fiscal years for examination, to the finance department employee, or contractor conducting the audit, within thirty days of notification. Under extenuating circumstances, the finance director may grant an extension of time for compliance at the director's discretion.

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4.24.050 Youth Camps. ~~Exemption of housing for students attending the Sitka Fine Arts Camp.~~

The provision of housing to students attending youth recreation, summer, and similar camps primarily serving persons under 18 years of age ~~are the Sitka Fine Arts Camp~~ is exempt from the tax levied in this chapter, which is commonly called "the bed tax."

* * *

5. **EFFECTIVE DATE.** This ordinance shall become effective thirty days after its passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 22nd day of January, 2013.



Mim McConnell, Mayor

ATTEST:



Sara Peterson, Acting Municipal Clerk