

POSSIBLE MOTION

I MOVE TO approve Ordinance 2018-33 on
second and final reading.

**CITY AND BOROUGH OF SITKA
ORDINANCE NO. 2018-33**

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING TITLE 4 "REVENUE
AND FINANCE" OF THE SITKA GENERAL CODE BY MODIFYING CHAPTER 4.24
"TRANSIENT LODGING TAX" AND CHAPTER 4.09 "SALES TAX", BY EXEMPTING
TRANSIENT LODGING RENT FROM SALES TAX**

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 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 exempt transient lodging rent from sales tax if the ballot proposition increasing the transient lodging tax to twelve percent is approved by the voters. The net effect of approval of the ballot proposition increasing the transient lodging tax and passage of the ordinance exempting transient lodging rent from sales tax would be a zero or one percent increase in taxes, depending on the applicable sales tax rate, on transient lodging rent. An additional purpose is to correct a related incorrect code reference.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code section 4.24.010 "Definitions", at subsection M, section 4.24.020 "Imposition of transient lodging tax", at subsection D, and section 4.09.100 "Exemptions", at subsection AA and adding subsection AC, are amended to read as follows (new language underlined; deleted language stricken):

**TITLE 4
REVENUE AND FINANCE**

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**Chapter 4.24
TRANSIENT LODGING TAX**

Sections:

- 4.24.010** Definitions.
- 4.24.020** Imposition of transient lodging tax.
- 4.24.030** Collection and accrual.
- 4.24.040** Transient lodging tax audits.
- 4.24.050** Youth camps.
- 4.24.060** Confidential and nonconfidential tax information.
- 4.24.070** Visitor activities enhancement fund.

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4.24.010 Definitions.

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M. Residential Rent. Rent paid for residential housing for thirty or more consecutive days or an entire calendar month by a person or persons for a room, set of rooms, structure, or suite is exempt from sales taxes. ~~This exemption does not apply to any transaction taxable under Chapter 4.24 regarding the hotel, motel, and bed and breakfast transient room tax;~~

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4.24.020 Imposition of transient lodging tax.

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D. ~~The tax shall be in addition to the general sales tax of the municipality. The tax imposed in this chapter shall be levied on lodging rent charged. the municipal sales tax portion of a rental bill. Neither shall the general sales tax be levied on this tax. Both taxes shall be computed individually on the room rent. Lodging rent shall be exempt from sales tax.~~

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Chapter 4.09 SALES TAX

Sections:

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4.09.100 Exemptions.

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AA. Residential Rent. Rent paid for residential housing for thirty or more consecutive days or an entire calendar month by a person or persons for a room, set of rooms, structure, or suite is exempt from sales taxes. ~~This exemption does not apply to any transaction taxable under Chapter 4.24 regarding the hotel, motel, and bed and breakfast transient room tax.~~

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.

AC. Transient Lodging Rent. Rent paid for transient lodging under Chapter 4.24 is exempt from sales tax.

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5. EFFECTIVE DATE. This Ordinance shall become effective on January 1, 2019, but only if the amendment to the transient lodging tax, set forth in Ordinance 2018-34, is approved by voters at the regular election held on October 2, 2018.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of
Sitka, Alaska, this 24th day of July, 2018.

Matthew Hunter, Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

1st reading 7/10/18

2nd reading 7/24/18

Sponsors: Hunter / Knox