

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2021-17

BALLOT PROPOSITION OCTOBER 5, 2021

FAILED ON SECOND READING 7/13/21

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA PROPOSING TO AMEND TITLE 4 "REVENUE AND FINANCE" OF THE SITKA GENERAL CODE BY ADDING A NEW SUBSECTION TO CHAPTER 4.09 "SALES TAX" TO ESTABLISH A CONSUMER'S SALES TAX ON MARIJUANA AND MARIJUANA PRODUCTS, IN ADDITION TO THE EXISTING CONSUMER'S SALES TAX; AND AMENDING CHAPTER 4.25 "STUDENT ACTIVITIES DEDICATED TRAVEL FUND" SUCH THAT THE TAX PROCEEDS WILL BE DEPOSITED INTO AND DISBURSED FROM THAT FUND FOR EXTRACURRICULAR STUDENT ACTIVITIES; AND SUBMITTING THE QUESTION OF SUCH AMENDMENT TO THE QUALIFIED VOTERS AT THE REGULAR ELECTION ON OCTOBER 5, 2021

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 amend the SGC Title 4 "Revenue and Finance" by adding a new subsection in Chapter 4.09 "Sales Tax" to provide for a point of sale retail tax on marijuana and marijuana products. Revenues are to fund the Student Activities Fund of the Sitka School District to support extracurricular student activities and associated travel costs.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code Title 4, entitled "Revenue and Finance", be amended by adding a new subsection in Chapter 4.09, entitled "Sales tax", at section 4.09.010, entitled "Levy of sales tax", and amending Chapter 4.25, entitled "Student Activities Dedicated Travel Fund", to read as follows (deleted language stricken, new language underlined):

**Title 4
FINANCE AND REVENUE**

Chapters:

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4.09 Sales Tax

* * *

4.25 Student Activities ~~Dedicated Travel~~ Fund

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Chapter 4.09 SALES TAX

Sections:

4.09.010 Levy of sales tax.

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4.09.010 Levy on 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.

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 addition to the consumer's sales tax levied in subsection A of this section, a consumer's sales tax of five percent is hereby levied on retail sales of marijuana, as "marijuana" is defined in AS 17.38.900(10), and retail sales of marijuana products, as "marijuana products" is defined in AS 17.38.900(15). All tax revenue collected by the municipality 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 funding will be transferred to the Sitka School District. This funding will be restricted to the support of extracurricular student activities and associated travel costs.

ED. Except as provided in subsection 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.

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Chapter 4.25 **STUDENTS ACTIVITIES ~~DEDICATED TRAVEL~~ FUND**

Sections:

4.25.010 Student activities ~~dedicated travel~~ fund.

4.25.020 Revenue source for the student activities ~~dedicated travel~~ fund.

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4.25.010 Student activities ~~dedicated travel~~ fund.

A student activities ~~dedicated travel~~ fund is hereby created. The student activities ~~dedicated travel~~ fund shall be maintained separate and apart from all other funds and accounts of the city and borough. The student activities ~~dedicated travel~~ fund shall only be used to assist with the payment of expenses associated with extracurricular student activities and associated travel costs that is part of a Sitka School District sponsored activity.

4.25.020 Revenue source for the student activities ~~dedicated travel~~ fund.

Notwithstanding any other provision of law, all proceeds received by the city and borough of Sitka from the state of Alaska resulting from marijuana licensing fees and the consumer's sales tax on marijuana and marijuana products shall be deposited in their entirety in the student activities ~~dedicated travel~~ fund.

Proceeds will be appropriated during the annual budget process. The amount transferred is to be included in the calculation of the local support of education per AS 14.17.410.

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5. BALLOT PROPOSITION. The following question shall be placed on the ballot at the regular election on October 5, 2021:

Shall the Sitka General Code be amended, effective January 1, 2022, by adopting a five percent sales tax on marijuana and marijuana products sold in the municipality, in addition to the existing sales tax on retail sales, and place the tax revenues in a dedicated municipal fund for the Sitka School District for extracurricular student activities and associated travel costs?

Yes ☐

No ☐

Informational: See Ordinance 2021-17

6. EFFECTIVE DATE. This ordinance shall become effective January 1, 2022, upon certification of the October 5, 2021, election results that show a majority of qualified voters approved the enactment.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska, this 13th day of July, 2021.

Steven Eisenbeisz, Mayor

ATTEST:

Jessica Earnshaw
Acting Municipal Clerk

1st reading: 6/22/2021
2nd and final reading: 7/13/2021

Sponsors: Knox / Himschoot