

Submitted by: Assembly Member Dyson

Prepared by: Assembly Counsel

For reading: January 14, 2020

**ANCHORAGE, ALASKA  
AO No. 2019-156(S-1), As Amended**

1 **AN ORDINANCE PROPOSING TO PROVIDE RESOURCES TO COMBAT**  
2 **CRIME AND REDUCE PROPERTY TAXES BY ENACTING A 3% SALES TAX**  
3 **FOR A MAXIMUM OF SIX YEARS, [A PUBLIC SAFETY TAX MEASURE TO**  
4 **PROVIDE PROPERTY TAX RELIEF AND TO COMBAT CRIME BY ENACTING A**  
5 **SALES AND USE TAX ON THE SALE OF GOODS AND SERVICES WITHIN THE**  
6 **MUNICIPALITY OF ANCHORAGE WITH HALF THE NET REVENUES UNDER**  
7 **THE "TAX CAP" DEDICATED TO REDUCING PROPERTY TAXES, AND HALF**  
8 **ABOVE THE TAX CAP DEDICATED TO PUBLIC SAFETY PURPOSES TO**  
9 **COMBAT CRIME, WITH THIS PORTION] EXPIRING IN 2028 ABSENT VOTER**  
10 **REAUTHORIZATION; AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER**  
11 **12.25 REGARDING THE TAX INCREASE LIMITATION TO CONFORM TO THIS**  
12 **ENACTMENT; SUBMITTING THIS CRIME FIGHTING [PUBLIC SAFETY] TAX**  
13 **MEASURE TO THE QUALIFIED VOTERS OF THE MUNICIPALITY; AND**  
14 **PROVIDING FOR TRANSITION PROCEDURES AND EFFECTIVE DATES.**  
15

16  
17 **Section 1.** A ballot proposition containing substantially the following language shall  
18 be submitted to the qualified voters of the Municipality of Anchorage at the April 7,  
19 2020 regular election:  
20

21 PROPOSITION NO. \_\_\_\_\_

22 **PUBLIC SAFETY AND CRIME REDUCTION [CRIME FIGHTING]**

23 **[PUBLIC SAFETY] TAX MEASURE:**

24 **CHARTER AMENDMENT TO ADOPT A TEMPORARY 2% [3%] SALES**  
25 **[AND USE] TAX: [HALF TO REDUCE PROPERTY TAXES AND]**  
26 **HALF DEDICATED TO PROVIDE RESOURCES [PUBLIC SAFETY] TO**  
27 **REDUCING [COMBAT] CRIME AND INCREASING PUBLIC SAFETY,**  
28 **AND HALF TO REDUCE PROPERTY TAXES**  
29

30 The proposed Charter Amendment and Assembly Ordinance 2019-\_\_ would  
31 enact a **two percent (2%) [three percent (3%)]** sales **[and use]** tax on the  
32 sale of certain goods and services within the Municipality of Anchorage, with  
33 specified exemptions (such as non-prepared food, medicine, medical  
34 services, legal services, utilities, education services, and many others more  
35 fully set forth **in the ordinance [below].** **Two-thirds [One-third] [One-half]**  
36 **[the net revenues will be limited to purposes of reducing property taxes,**  
37 **and one-half]** of the net revenues will be dedicated to public safety purposes  
38 to reduce and prevent [combat] crime **and one-third [two-thirds] [one-half]**  
39 **dedicated to reducing property taxes,** for a limited period **expiring at the**  
40 **end of [(2022--)] 2028[;],** unless reauthorized by the voters. **Expenditures**  
41 **of this temporary sales tax revenues will be audited by an independent**  
42 **auditor.**

1  
2 The ordinance includes a limit on taxing only the first \$10,000 of the purchase  
3 price ~~[cap of \$200 in tax]~~ per good or service contract, or per transaction, if  
4 multiple items and goods are purchased as part of a single transaction taking  
5 place during a single day. It also provides for a partial reimbursement to  
6 sellers that incur costs to collect the tax.  
7

8 Except for the costs to the Municipality of administration, collection, and audit,  
9 one-third ~~[two-thirds]~~ ~~[one-half]~~ of this sales ~~[and use]~~ tax is subject to  
10 (e.g. "under") the tax increase limitation of the Anchorage Municipal Charter  
11 § 14.03 (commonly referred to as the "Tax Cap") in order to reduce property  
12 taxes dollar for dollar. To provide an accurate dollar amount for property tax  
13 reduction, rather than projections based on estimates, the sales ~~[and use]~~  
14 tax net proceeds from one fiscal year will be applied to reduce the property  
15 tax for the following fiscal year.  
16

17 If approved by a majority ~~[more than 3/5]~~ of the qualified voters voting on  
18 the question, the Charter amendments will become effective upon  
19 certification of the election, and the public safety and crime reduction  
20 ~~[crime fighting]~~ sales ~~[and use]~~ tax will become effective on a date  
21 established by the Assembly by ordinance. The tax ~~[July 1, 2022, and~~  
22 ~~one-half of the tax]~~ will expire, unless reauthorized by the voters, at the end  
23 of December 31, 2028.  
24

25 Shall the Charter be amended as shown below, and Assembly Ordinance  
26 2019-\_\_ become law?  
27

28 YES  NO

29  
30 This Public Safety and Crime Reduction ~~[Crime Fighting]~~ ~~[Public Safety]~~  
31 Tax Measure proposes to amend Anchorage Municipal Charter by adding a  
32 new section 14.07 to read as follows:  
33

34 **Section 14.07. - Sales ~~[and Use]~~ Tax Dedicated to Providing**  
35 **Resources to Reduce ~~[Combat]~~ Crime and to**  
36 **Property Tax Relief ~~[and Public Safety].~~**  
37

- 38 (a) The assembly is authorized to levy ~~[There is hereby~~  
39 ~~levied]~~ a two percent (2%) ~~[three percent (3%)]~~ tax on the  
40 sale ~~[and use]~~ of goods and services within the  
41 municipality~~[, with exemptions as approved by the~~  
42 ~~voters]~~. The assembly by ordinance shall establish the  
43 first date of levy.  
44 (b) The assembly may prescribe ~~[additional]~~ exemptions to the  
45 tax imposed by this section by ordinance, and shall enact

1 such additional provisions as necessary or reasonable to  
 2 implement this section, including for the expiration of ~~[one-~~  
 3 ~~half]~~ the tax. **The expenditure of the tax shall be audited**  
 4 **annually by an independent auditor.**

5 (c) Net receipts from the sales ~~[and use]~~ tax, after payment of  
 6 the costs of administration, collection, and audit to the  
 7 municipality, in one fiscal year are dedicated as follows:

8 (1) ~~one-third~~ ~~[two-thirds]~~ ~~[one-half]~~ to property-tax  
 9 reduction in the following year, in order for the tax  
 10 collected to be in substitution of other taxes.

11 (2) ~~two-thirds~~ ~~[one-third]~~ ~~[one-half]~~ to public safety  
 12 purposes to reduce ~~[combat]~~ crime, specifically  
 13 funding for.

14 (A) ~~[compensation for]~~ **additional** police officer  
 15 positions, equipment and training, 9-1-1  
 16 emergency dispatch, and to assist in  
 17 processing forensic evidence ~~[technician~~  
 18 ~~positions]~~,

19 (B) ~~prosecutorial[s and]~~ staff, including defense  
 20 counsel ~~[support for them]~~,

21 (C) mental, ~~[and]~~ behavioral health, and substance  
 22 misuse services, ~~[for inmates and convicts,~~  
 23 ~~and]~~

24 (D) municipal support for court ordered ~~[or]~~  
 25 programs; and ~~[for criminal courts and parole~~  
 26 ~~supervision.]~~

27 (E) homelessness services, including day and  
 28 overnight shelter.

29 (3) Notwithstanding Charter § 13.07 and any other  
 30 Charter provisions to the contrary, the tax revenues  
 31 dedicated under subsection (c)(2) shall, if  
 32 unencumbered at the close of the second fiscal year  
 33 after collection, become dedicated to the property tax  
 34 reduction purposes of subsection (c)(1) the following  
 35 year.

36 (d) ~~[[One-half of t]~~his tax ~~[dedicated in (c)(2)]~~ shall expire and  
 37 lapse at the end of December 31, 2028, unless reauthorized  
 38 by the voters.

39 (e) Receipts covering the costs of administration, collection, and  
 40 audit are taxes required to fund additional services within the  
 41 meaning of Charter § 14.03(b)(2).

42 (f[e]) To accomplish the dedication, and notwithstanding any other  
 43 provision of this Charter to the contrary, for **the first and**  
 44 **second fiscal years the tax is levied** ~~[2022 and 2023]~~ only,

1 the levy and collection of the sales ~~[and use]~~ taxes collected  
 2 pursuant to this section may cause total tax levies to exceed  
 3 the limits otherwise required by the tax increase limitation of  
 4 Charter § 14.03, provided that ~~[one-half of]~~ the total levy of  
 5 property ~~[all other]~~ taxes is correspondingly reduced in the  
 6 second and third fiscal years the tax is levied [2022 and  
 7 2023] in a manner that ensures that the total amount of  
 8 municipal taxes that can be levied in future years, exclusive  
 9 of ~~two-thirds~~ ~~[one-third]~~ ~~[one-half]~~ of this tax dedicated to  
 10 public safety purposes pursuant to (c)(2), does not exceed  
 11 that which could be have been levied under Charter § 14.03,  
 12 had this section not been enacted. Procedures to effectuate  
 13 this subsection may be adopted by ordinance.

14  
 15 And by amending Anchorage Municipal Charter § 14.03 as follows (new  
 16 language proposed is shown in **bold and underlined**; language to be deleted  
 17 is shown with **~~strikeout and bold~~**):  
 18

19 **Section 14.03. - Tax increase limitation.**

- 20  
 21 (a) Except as provided in this section, the total amount of  
 22 municipal tax that can be levied during a fiscal year shall not  
 23 exceed the total amount approved by the assembly for the  
 24 preceding year by more than a percentage determined by  
 25 adding the average percentage increase in the Federal  
 26 Consumer Price Index for Anchorage from the preceding  
 27 five fiscal years plus the average percentage growth or loss  
 28 in the Anchorage municipal population over the preceding  
 29 five fiscal years as determined by the state department of  
 30 community and regional affairs.

31 \*\*\* \*\*\* \*\*\*

- 32 (2) **In order for the sales ~~[and use]~~ tax levied**  
 33 **pursuant to Charter § 14.07 to be in substitution**  
 34 **of other taxes, and to promote greater fiscal**  
 35 **stability, “the total amount of municipal tax that**  
 36 **can be levied during a fiscal year” shall include**  
 37 **the gross ~~[net]~~ receipts of the levy and collection**  
 38 **of sales ~~[and use]~~ tax collected pursuant to**  
 39 **Charter § 14.07 for the preceding year.** The “total  
 40 amount approved by the assembly for the preceding  
 41 year” shall be the total amount of the taxes and  
 42 payments in-lieu of taxes approved by the assembly  
 43 for collection in the preceding year **together with the**  
 44 **gross ~~[net]~~ receipts of the levy and collection of**  
 45 **the sales ~~[and use]~~ tax collected pursuant to**

**Charter § 14.07 for the year immediately prior to the preceding year.**

**(3) If the sales tax is not reauthorized by the voters pursuant to § 14.07(d) then the total amount of municipal tax that can be levied in 2029 shall be calculated with the total amount approved by the assembly for the preceding year as defined in (2), minus two-thirds [one-third] [half] the gross receipts of the levy and collection of the sales tax.**

And by amending Anchorage Municipal Charter, Article II (4), and Charter §14.01(b) as follows (**underlined and bolded words** are proposed new words; ~~strikeouts in bold~~ are proposed deletions):

**ARTICLE II BILL OF RIGHTS**

This Charter guarantees rights to the people of Anchorage that are in addition to rights guaranteed by the Constitution of the United States of America and the Constitution of the State of Alaska. Among rights guaranteed by this Charter are:

\*\*\*      \*\*\*      \*\*\*

(4) The right of immunity from sales taxes, except upon approval by three-fifths (3/5) of the qualified voters voting on the question, except the ~~taxes~~ imposed by Charter ~~§ [Section]~~ 14.05 **and § 14.07** shall be effective if approved by a majority (50 percent + one) of the qualified voters voting on the question.

**Section 14.01 Taxing Authority**

\*\*\*      \*\*\*      \*\*\*

(b) Unless otherwise provided in this Charter, no sales tax ordinance is valid until ratified by three-fifths (3/5) of those voting on the question at a regular or special election, except the ~~taxes~~ imposed by Charter § 14.05 **and § 14.07** shall be effective if approved by a majority (50%+ one) of the qualified voters voting on the question.

**Section 2.** Anchorage Municipal Code Title 12 is hereby amended to add a new chapter 12.65 to read as follows:

**Chapter 12.65  
Tax on the Sale [~~or Use~~] of Goods and Services**

1		
2	12.65.010	Sales <del>[and use]</del> tax.
3	12.65.020	Purpose and dedication of revenue.
4	12.65.025	<del>E[One-half for public safety dedication e]</del> xpires
5		December 31, 2028.
6	12.65.030	Definitions.
7	12.65.040	Non-taxable sales and exemptions.
8	12.65.050	Obligation for payment of tax; disposition of excess
9		collections; liability for uncollected taxes.
10	12.65.060	Presumption of taxability; sales price and value.
11	12.65.070	Certificate of registration.
12	12.65.080	Maintenance of records required.
13	12.65.090	Tax receipts segregated and held in trust.
14	12.65.100	<b>Reserved [Direct pay permit]</b>
15	12.65.110	Sales <del>[and Use]</del> tax returns; remitting and reporting
16		requirements.
17	12.65.120	Timely filing allowance.
18	12.65.130	Confidentiality of information.
19	12.65.140	Security for fiduciary performance.
20	12.65.150	Certificates of exemption.
21	12.65.160	Prohibited acts.
22	12.65.170	Penalties.
23	12.65.180	Collection of taxes.
24	12.65.190	Tax lien.
25	12.65.200	Remedies of person aggrieved.
26	12.65.210	Dedication of net receipts (not revenues); tax cap
27		limitation.
28	12.65.220	Implementation and processes and procedures.
29	12.65.230	Amendments.

### 12.65.10 Sales ~~[and use]~~ tax.

A. *Sales Tax Imposed.* A sales tax of **two percent (2%)** ~~[three percent (3%)]~~ is hereby levied on the sales of all goods and services sold within the municipality ~~[on or after July 1, 2022]~~, except as provided in this chapter. **The assembly shall establish the date this tax is first levied by ordinance amending this section. This [One-half of this] tax shall expire pursuant to section 12.65.025.**

~~[B. *Use Tax Imposed.* A use tax at the same rate as the sales tax in subsection A., for the privilege of use within the municipality, is hereby levied on the person using the following goods acquired on or after July 1, 2022:~~

- ~~1. **Goods manufactured in the municipality, only if the person manufacturing the good is not engaged in the business of**~~

~~manufacturing for resale to an end user; or~~

~~2. Goods acquired outside of the municipality and primarily used within the municipality, if the acquisition is the result of a transaction subject to the sales tax if it had occurred in the municipality.~~

~~3. The first one thousand dollars (\$1,000) of goods manufactured in the municipality or goods acquired outside of the municipality and primarily used within the municipality, as described in subparagraphs 1 and 2 above, are exempted from the use tax on an annual basis.~~

~~C. Credit for taxes previously paid. The use tax levied under this section shall be adjusted in accordance with AS 29.45.650(c) if the person subject to the use tax provides proof, in the form required by the department, the person previously paid a sales tax imposed by any jurisdiction on the goods.~~

~~D. To the fullest extent permitted under the law and constitutions of the United States and the State of Alaska, and under the Charter, a person who has nexus within the state and whose sales are not subject to the sales taxes shall collect the use tax from the purchaser and pay the tax collected to the municipality.]~~

#### 12.65.020 Purpose and dedication of revenue.

A. *Property tax relief and public safety dedication.* The purpose of this chapter is to provide resources to reducing ~~[combat]~~ crime and increasing public safety, and to provide property tax relief to the property owners of the municipality [and to combat crime]. The net receipts from the sales [and use] tax, after payment of the costs of administration, collection and audit to the municipality, shall be applied so that:

1. one-third ~~[two-thirds]~~ [one-half] will reduce property taxes equally and uniformly throughout the municipality so the benefits of the reduction in property taxes are shared throughout the municipality.

2. two-thirds ~~[one-third]~~ [one-half] to reduce ~~[combat]~~ crime and increase public safety by providing funding for police officer[s] positions, associated equipment and training, 911 dispatch, to assist processing forensic evidence [technicians], prosecutors and their support staff and defense counsel as constitutionally required, mental, [and] behavioral health, and substance misuse services, [for inmates and convicts, and] development and implementation of programs for Municipal involvement in

probation and other court ordered programs, and to provide day or overnight shelter for the homeless [parole supervision and support for criminal court services]. If any tax revenues dedicated under this subsection are not expended or encumbered by the end of the second year after collection, it shall become dedicated for the purposes of subsection A.1. in accordance with Charter § 14.07(c)(3).

- B. The net receipts of sales ~~[and use]~~ tax obtained by the municipality in one fiscal year shall be restricted to application to the following fiscal year's budget by appropriations. The amount of **half the gross [net]** receipts of sales ~~[and use]~~ tax obtained by the municipality in **the first [one]** fiscal year **this tax is levied and collected** shall be included in the tax increase limitation computation for the next fiscal year as an offset amount of the real and personal property taxes to be collected for that fiscal year. **The other half of the gross receipts of sales tax obtained by the municipality in the first fiscal year shall be above the tax increase limitation for the next fiscal year, and shall be added to the base amount for the subsequent year tax increase limit in accordance with the Charter and transition rules in section 12.25.040.**

**12.65.025 Tax [One-half for public safety dedication] expires December 31, 2028.**

**The [One-half of the] tax levied under this chapter [and dedicated for public safety purposes in subsection 12.65.020A.2.] shall expire and lapse at the end of December 31, 2028, unless reauthorized by the voters. [If not reauthorized prior to that time, the tax rate shall thereafter be one and one-half percent (1.5%).]**

**12.65.030 Definitions.**

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

***Certificate of Exemption*** shall mean a certificate issued by the municipality to a person qualifying as an "Exempt Purchaser" of goods upon application by the purchaser demonstrating its entitlement to such exemption. The purchaser shall provide the certificate to a seller of goods at the time of purchase in order to obtain the permitted exemption.

***Charitable Organization*** shall mean an organization exempt from taxation under 26 U.S.C. 501(c)(3)



1  
2 **Chief Fiscal Officer** shall mean the chief fiscal officer of the  
3 municipality, or designee.

4  
5 **Coins** shall mean monetized bullion or other forms of money  
6 manufactured from gold, silver, platinum, palladium, or other such  
7 metals now, in the future, or heretofore designated as a medium of  
8 exchange under the laws of this state, the United States, or any foreign  
9 nation.

10  
11 **Counseling Services** shall mean all services provided to an  
12 individual taxpayer by a psychologist or psychological associate,  
13 psychiatrist, clinical social worker, substance abuse counselor, or a  
14 marital and/or family therapist, licensed or certified to provide such  
15 services by the state of Alaska.

16  
17 **Department** shall mean the finance department of the municipality.

18  
19 **Exemption** shall mean a buyer or seller is exempt under a provision  
20 of this chapter, or the sale itself is exempt under a provision of this  
21 chapter.

22  
23 **Food** shall mean goods that may be lawfully purchased with food  
24 stamp program benefits issued under 7 U.S.C. 2011 – **2036 [2025]**  
25 (Food Stamp Act, Supplemental Nutrition Assistance Program) or  
26 purchased with food instruments, food vouchers or other type of  
27 certificate issued under 42 U.S.C. 1786 (Special Supplemental  
28 Nutrition Program for Women, Infants and Children or WIC), and is not  
29 prepared food or beverages served by a restaurant, café, or similar  
30 business.

31  
32 **Goods** shall mean all tangible personal property that can be seen,  
33 weighed, measured, felt, or touched, or that is in any other manner  
34 perceptible to the senses. “Tangible personal property” includes  
35 electricity, water, gas, steam, and prewritten computer software.

36  
37 **Legal Services** shall mean all services provided to an individual  
38 taxpayer by a lawyer or paralegal or any other individual licensed or  
39 certified by the State of Alaska to provide legal services.

40  
41 **Medical Services** shall mean all services provided to an individual  
42 taxpayer by a physician, osteopath, chiropractor, dentist, registered or  
43 practical nurse, physician’s assistant, certified nurse’s aide,  
44 paramedic, emergency medical technician, naturopath, optometrist,  
45 audiologist, hospital, midwife, birth center, occupational therapist,

1 physical therapist, or any other person certified or licensed by the state  
2 of Alaska to provide health care services.

3  
4 **Person** shall mean those who are under a duty to perform an act  
5 concerning which a violation of this chapter could occur, such as an  
6 individual, company, partnership, joint venture, joint agreement,  
7 association (mutual or otherwise), corporation, estate, trust, business  
8 trust, receiver or trustee, syndicate, or political subdivision of this state,  
9 or combination acting as a unit including officers or members of any  
10 such entities. It is the intent of this chapter that such persons be  
11 personally liable for unremitted taxes.

12  
13 **Precious metal bullion** shall mean any precious metal, including but  
14 not limited to, gold, silver, platinum and palladium, that has been put  
15 through a process of refining and is in such a state or condition that its  
16 value depends upon its precious metal content and not its form.

17  
18 **Prescription medicine** shall mean all medicine and any medical  
19 goods prescribed by a physician, ~~[or]~~ psychiatrist, or other person  
20 licensed to practice medicine or prescribe medication in the United  
21 States.

22  
23 **Purchaser** shall mean a person to whom a sale is made.

24  
25 **Real Property** shall mean land, whether subdivided or not, all  
26 buildings, structures, improvements and fixtures of any kind thereon,  
27 and all possessory rights and privileges belonging and pertaining  
28 thereto.

29  
30 **Resale** shall mean the sale of goods by a seller of raw materials, or  
31 wholesaler, either consumed in the manufacturing process or which  
32 become a component part of a product manufactured for sale; a sale  
33 of goods sold to a licensed general or specialty building contractor  
34 when the goods sold becomes permanently affixed to the residence  
35 or commercial structure being constructed by the licensed contractor;  
36 or a sale of goods by a manufacturer, or wholesaler, to a retail vendor.

37  
38 **Services** shall mean all services of every manner and description  
39 performed or furnished for compensation within the municipality as  
40 required to install, construct, repair or complete specified results or  
41 end products and professional services, services in which a product  
42 or sale of property may be involved, repair, transportation, advertising,  
43 recreation, amusement, craftsmen's services, and services wherein  
44 labor and materials are provided to accomplish a specific result.

45

1           **Seller** shall mean every person, whether acting as principal, agent or  
2 employee, who makes a sale subject to this tax.

3  
4           **Selling price** applies to the measure subject to sales tax and means  
5 the total amount of consideration, including cash, credit, property, and  
6 services, for which personal property or services are sold, leased, or  
7 rented, valued in money, whether received in money or otherwise,  
8 without any deduction for the following:

- 9  
10           a. The cost of materials used, labor or service cost,  
11 interest, losses, all costs of transportation to the seller,  
12 all taxes imposed on the seller, and any other expense  
13 of the seller;  
14           b. Charges by the seller for any services necessary to  
15 complete the sale, other than delivery and installation  
16 charges;  
17           c. Delivery charges;  
18           d. Installation charges; and  
19           e. Credit for any trade-in, as determined by state law.  
20

21           **Tax Payer** shall mean any person responsible for the payment of any  
22 ~~[Use or]~~ Sales tax as required by this chapter.

23  
24           **12.65.040 Non-taxable sales and exemptions.**

25  
26           A. The following sales are not taxable under this chapter:

- 27  
28           1. Sales to ~~[or uses by]~~ an agency of the United States  
29 government, an instrumentality of the State of Alaska as that  
30 term is defined in AS 39.52.960, a municipality or school  
31 district, including the Anchorage School District, or a Native  
32 entity or tribe included on the federal list published under 25  
33 U.S.C. 5131.  
34  
35           2. Sales to ~~[or uses by]~~ foreign diplomats under the Foreign  
36 Missions Act (22 U.S.C. 4301 *et seq.*).  
37  
38           3. Sales to ~~[or uses by]~~ the Alaska Life and Health Insurance  
39 Guaranty Association, under AS 21.79.130.  
40  
41           4. Sales ~~[or use]~~ of goods related to an orbital space facility,  
42 pursuant to AS 29.45.650(h).  
43  
44           6. Other sales ~~[or uses]~~ the municipality is prohibited from taxing  
45 under the federal or state Constitutions or laws of the United  
46 States or the State of Alaska.

1  
2 B. The **assembly adopts** ~~[voters of the municipality have approved]~~  
3 ~~[hereby declares]~~ the following exemptions and limitations to the tax  
4 imposed by this chapter:

- 5  
6 1. Sales of non-prepared **[prepared]** food. Prepared food and  
7 beverages served by a restaurant, café, or similar business is  
8 not exempt.  
9  
10 2. Sale of prescription medicine or medical goods prescribed by a  
11 physician, psychiatrist or other person licensed in the United  
12 States to lawfully authorize such prescription.  
13  
14 3. The provision of medical services or counseling services.  
15  
16 4. The provision of legal services.  
17  
18 5. Education services provided by government schools and  
19 programs, non-profit institutions and religious organizations.  
20  
21 6. The tax shall only be applied to the first \$10,000 of ~~[not exceed~~  
22 ~~\$200.00 or]~~ the purchase price ~~[or use]~~ of any single item or  
23 good.  
24  
25 7. The tax shall only be applied to the first \$10,000 of ~~[not exceed~~  
26 ~~\$200.00 or]~~ the entire purchase of multiple items and goods  
27 when purchased as part of one transaction taking place during  
28 a single day.  
29  
30 8. The tax shall only be applied to the first \$10,000 ~~[not exceed~~  
31 ~~\$200.00]~~ per year on the provision of any single service  
32 provided to an individual taxpayer for services which are of an  
33 on-going nature, may be comprised of interrelated and  
34 interdependent functions necessary to perform a specified  
35 action, and which may be reflected in multiple or periodic  
36 invoices or contracts.  
37  
38 9. Sales of utilities including water, sewer, electricity, #2 diesel  
39 heating fuel, natural gas, refuse service, cellular phone service,  
40 telephone service, internet, and cable television.  
41  
42 10. The sale of gasoline, **motor fuel**, or diesel fuel.  
43  
44 11. Financial service transactions. For purposes of this chapter,  
45 financial service transactions are limited to: deposit account  
46 services, loan transaction fees, transactions relating to the sale

1 or exchange of currency or securities, transactions for  
2 conversion of negotiable instruments, safe deposit  
3 services, escrow collection services, late fees, overdraft fees,  
4 and interest charged on past due accounts.  
5

6 12. ~~[The use by an individual of personal or household effects~~  
7 ~~brought into the municipality for the establishment by the~~  
8 ~~individual of an initial residence in the municipality is~~  
9 ~~exempt from the use tax.]~~

10  
11 ~~[13.]~~ Licensed child and adult care services.  
12

13 13[14]. Isolated sales by one individual to another when the  
14 seller is not generally engaged in the business of selling the  
15 same or similar property.  
16

17 14[15]. Rental, unless the rental transaction for personal  
18 property provides a right of purchase at the end of the rental  
19 contract.  
20

21 15[16]. The sale or rental of real property (including all  
22 necessary or customary services provided in order to legally  
23 accomplish a sale or rental of real property).  
24

25 16[17]. The sale of contracts of insurance.  
26

27 17[18]. The sale of goods or services already subject to excise  
28 or sales taxes levied [~~imposed~~] by the municipality, including  
29 but not limited to room rental ("bed") [~~hotel-overnight~~  
30 ~~accommodation~~] taxes, cigarettes and other tobacco  
31 products taxes, and motor vehicles rental taxes.  
32

33 18. The sale of alcoholic beverages, so long as there is a  
34 separate sales tax levied by the municipality on alcoholic  
35 beverages.  
36

37 19. The sale of marijuana and marijuana products, so long as  
38 there is a separate sales tax levied by the municipality on  
39 marijuana and marijuana products.  
40

41 20. The sale of coins and precious metal bullion.  
42

43 21. The sale of essential personal hygiene products, limited to  
44 wearable and nondurable incontinence and menstrual  
45 products (disposable undergarments, pads, pantyliners,

**sanitary napkins, tampons), children and adult diapers, and toilet paper tissues.**

C. ~~**[The assembly adopts the following additional exemptions and limitations to the tax imposed by this chapter:**~~

~~**1. (Reserved)**~~

~~**D.]**~~ The following sales are not taxable, provided the seller is in possession of a valid certificate of exemption:

1. Sales by a charitable organization, or a private or parochial school, provided the sale of goods is incidental and all of the proceeds of the sale go to the organization and its mission.
2. The sale of goods not sold to the end user of the goods

~~**E[D].**~~ The application of the exemptions provided for in subsections A-C of this section to specific goods and services shall be determined by the Department. The ~~**department shall report quarterly for the first two years the sales tax is levied, and annually thereafter, to the Assembly by an information memorandum [Assembly may alter or modify a determination]**~~ of the Department's ~~**determinations**~~ concerning the application of any exemption provided for in subsection A-C of this section to any specific goods or services.

~~**[E. Any additions or deletions of any exemption provided for in subsections A-C of this section must be by ordinance.]**~~

**12.65.050 Obligation for payment of tax; disposition of excess collections; liability for uncollected taxes.**

- A. The purchaser is obligated to pay sales ~~**[and use]**~~ tax under this chapter and it shall be collected by the seller at the time of the sale transaction or acquisition. The tax rate is applied to the selling price.
1. If a purchaser produces a certificate of exemption issued by the municipality pursuant to section 12.65.140 at the time of the sale transaction, the seller shall not collect the tax. The seller shall retain verification of the exempt status of the transaction in its records. If no verification is retained, the seller is liable for the uncollected taxes.
  2. If the purchaser does not produce an exemption certificate issued by the municipality, but the transaction is in fact exempt under federal, state, local or other law, the seller is not liable for

1 the uncollected tax, provided verification of the purchaser's  
2 exemption is retained in the seller's records or otherwise readily  
3 available and reported to the department.

4  
5 3. Any uncollected sales tax under this subsection, which should  
6 have been collected, is a liability of the seller.

7  
8 4. If the selling price cannot be determined for purposes of  
9 calculating the amount of sales ~~[and use]~~ tax, the fair market  
10 value at the time of sale shall be subject to the sales ~~[and use]~~  
11 tax.

12  
13 B. All sales ~~[and use]~~ taxes collected pursuant to this chapter are  
14 municipal funds for which the seller is liable to the municipality. The  
15 seller is liable for all monies collected from the purchaser as sales  
16 ~~[and use]~~ tax in excess of the tax imposed by section 12.65.010. The  
17 seller shall make reasonable efforts to return excess tax collected to  
18 the purchaser. If the seller is unable to return it, the excess tax  
19 collected shall be reported and remitted to the municipality with the  
20 regular tax return.

21  
22 C. Any person acquiring an ownership interest in the accounts receivable  
23 of a business, whether by purchase, foreclosure, or otherwise, shall  
24 also be liable for the payment of taxes, penalties, interest, fees and  
25 costs accruing and unpaid to the municipality from those accounts  
26 receivable.

27  
28 D. Any person acquiring an ownership interest in an ongoing business,  
29 whether by purchase, foreclosure or otherwise, shall also be liable for  
30 the payment of any taxes, penalties, interests, fee or costs owed to  
31 the municipality for taxes collected by the former owner or seller of the  
32 business.

33  
34 E. The president and any officer, member, manager or agent of a  
35 corporation or limited liability company with control of, supervision of,  
36 or charged with the responsibility of filing sales ~~[and use]~~ tax returns  
37 or remitting sales ~~[and use]~~ taxes is personally liable for any unpaid  
38 taxes, penalties, interest, fees and costs accruing and unpaid to the  
39 municipality. Dissolution of, or sale of, or other change in the form of  
40 the corporation or company does not discharge this personal liability.

41  
42 F. The municipality may pursue collection of unpaid and unremitted taxes  
43 as provided in this chapter.

44  
45 **7.65.60 Presumption of taxability; sales price and value.**  
46

- 1 A. To prevent evasion of the sales ~~[and use]~~ tax and to aid in its  
2 administration, it is presumed that all ~~[-~~  
3  
4 1. ~~All]~~ sales of goods or services by a person engaging in  
5 business in the municipality are subject to the tax, unless  
6 exempt by this chapter~~[- and~~  
7  
8 2. ~~All goods or services purchased or sold by any person for~~  
9 ~~delivery into the municipality are purchased or sold for a~~  
10 ~~taxable use in the municipality].~~  
11  
12 B. For purposes of this section, the sales price or value of property,  
13 goods or services shall be determined as of the time of acquisition~~[-~~  
14 ~~introduction into the municipality, or conversion to use,~~  
15 ~~whichever is latest].~~  
16  
17 C. If the department has reasonable cause to believe a seller structured  
18 a transaction to avoid collecting or remitting the tax levied under this  
19 chapter, there is a rebuttable presumption that the substance of the  
20 transaction is a taxable sale under this chapter.  
21

#### 22 **12.65.070 Certificate of registration.**

- 23  
24 A. *Required display.* Except as otherwise provided in this chapter, every  
25 seller operating within the municipality shall obtain a certificate of  
26 registration from the department prior to transacting any sales after  
27 the effective date of levy of the sales tax ~~[- The seller shall obtain~~  
28 ~~a certificate of registration prior to conducting business]~~ in the  
29 municipality and shall prominently display the certificate at each ~~[the~~  
30 ~~registered]~~ place of business.  
31  
32 1. A business with multiple sales locations may obtain one  
33 certificate of registration, provided the application lists every  
34 place of business located within the municipality. Each location  
35 shall prominently display a copy of the certificate of registration,  
36 except:  
37  
38 a. A vending machine seller is not required to display the  
39 certificate or to list each vending machine location.  
40  
41 b. The department may direct a seller with multiple or  
42 mobile locations to display or make available the  
43 certificate in a reasonable location and manner.  
44  
45 B. *Application.* Each seller shall apply for a certificate of registration on  
46 a form or in a format prescribed by the department containing



1 information the department may require. There shall be no charge for  
2 the application or issuance of a certificate of registration.

3  
4 C. *Contents.* A certificate of registration shall bear the name of the seller,  
5 the address of the primary place of business, the address or physical  
6 location where the seller sells goods or services in the municipality,  
7 the seller's form of business organization, the seller's method of  
8 accounting, and state whether the seller is exempt from collecting the  
9 sales tax under section 12.65.040.C.

10  
11 D. The seller named on an issued certificate is responsible to inform the  
12 department of any changes to the information contained in the  
13 application and certificate of registration.

14  
15 E. *Expiration.* If the holder of a certificate of registration ceases to  
16 engage in business, changes its name, changes its form of business  
17 organization, changes ownership, or ceases to be exempt from  
18 collecting the tax under section 12.65.040, its certificate of registration  
19 automatically expires. Expiration is effective on the date of the change  
20 in circumstances resulting in expiration by operation of law. Within ten  
21 (10) days of the expiration, the seller shall:

22  
23 1. Surrender the expired certificate of registration to the  
24 department for cancellation.

25  
26 2. Notify the department in writing of the date and the name,  
27 telephone and address of any person to whom the seller's  
28 business or accounts receivable of the business described in  
29 the returned certificate of registration is leased, conveyed or  
30 otherwise relinquished or transferred with a brief description of  
31 the circumstances causing the expiration of the seller's  
32 certificate and the date it expired; and

33  
34 3. File a final tax return for the period subsequent to the seller's  
35 last tax return with all taxes collected and other payments due  
36 in the manner required for filing tax returns, remitting taxes  
37 collected and payment of other sums due under this chapter.

38  
39 F. The department may require an applicant applying for a certificate of  
40 registration who has previously been fined or subject to penalties  
41 under this chapter, or had a certificate of registration under this  
42 chapter revoked, suspended, or cancelled as a penalty, to obtain and  
43 submit a guarantee for its performance under this chapter in  
44 accordance with section 12.65.140~~[130]~~. Proof of the security shall  
45 be submitted to the department with the application. The department

1 shall not issue the certificate of registration until receipt of valid  
2 security is confirmed.

3  
4 G. The department may refuse to issue a certificate of registration if there  
5 is reasonable cause to believe the applicant:

- 6  
7 1. structured its business or sales transactions to avoid payment  
8 of delinquent taxes, penalties, interest, or costs due under this  
9 chapter;
- 10  
11 2. Willfully withheld information requested to determine the  
12 applicant's eligibility to receive a certificate; or
- 13  
14 3. There is reasonable cause to believe information submitted in  
15 the application is false or misleading.

16  
17 **12.65.080 Maintenance of records required.**

18  
19 A. The seller shall keep available in the municipality for a period of three  
20 (3) calendar years after the year created, such records as are  
21 necessary to permit the municipality to perform an audit of the seller's  
22 collection and remittance of the sales tax. Such records shall contain  
23 at least the following:

- 24  
25 1. All sales receipts specifying what goods or services were sold  
26 in the transaction, the sale price for each item, total sum for the  
27 transaction, and total tax for the transaction; and
- 28  
29 2. Other records the department may require.

30  
31 B. The seller shall be responsible to obtain and preserve evidence  
32 sufficient to support all claimed exemptions from the tax for  
33 transactions subject to this chapter. Specification in this chapter of the  
34 records to be kept by a seller shall not relieve the seller of its  
35 responsibility to keep sufficient records.

36  
37 **12.65.090 Tax receipts segregated and held in trust.**

38  
39 Title to taxes collected pursuant to this chapter shall vest in the municipality  
40 upon collection. Persons authorized to collect tax have a fiduciary duty to  
41 the municipality with respect to tax receipts.

42  
43 **12.65.100 Reserved. [Direct Pay Permit.]**

44  
45 ~~**[A direct pay permit authorizes its holder to purchase tangible personal**~~  
46 ~~**property and services without paying tax to the seller and authorizes**~~

1 ~~the seller to not collect any tax on a sale to the permit holder. A person~~  
2 ~~who purchases tangible personal property or services under a direct~~  
3 ~~pay permit issued under this section is liable for any sales and use tax~~  
4 ~~due. The tax due must be paid by the permit holder on a quarterly basis~~  
5 ~~on a schedule established by the department. To obtain a direct pay~~  
6 ~~permit, a person must apply to the department and satisfy criteria for~~  
7 ~~direct pay permit holders established by the department.]~~  
8

9 **12.65.110 Sales [and Use] Tax returns: Remitting and reporting**  
10 **requirements.**

- 11
- 12 A. A sales **[and use]** tax return is not complete unless it contains the  
13 information required by this section and is accompanied by the tax  
14 payment required. The sales **[and use]** tax return shall be filed and  
15 tax monies shall be remitted by the seller to the municipality quarterly,  
16 unless the seller qualifies or is required to remit and report as follows:  
17
- 18 1. A seller with less than \$100 in annual tax collections may file a  
19 tax return and remit taxes on an annual basis.  
20
  - 21 2. A seller with \$150,000 or more in quarterly tax collections shall  
22 file a tax return and remit taxes each month.  
23
  - 24 ~~3. [A taxpayer liable for use tax on tangible personal property~~  
25 ~~or services is entitled to a full credit for the amount of sales~~  
26 ~~or use tax paid on the same tangible personal property or~~  
27 ~~same service to another jurisdiction.]~~  
28
  - 29 ~~4.]~~ The department may require monthly tax returns and  
30 remittances from any seller delinquent in remittance of sales  
31 taxes to the municipality, or any other tax or fee to the  
32 municipality.  
33
- 34 B. The department may require any seller required to file monthly returns  
35 due to a delinquency to submit timely returns and remittances for  
36 twelve (12) consecutive months before the department grants a  
37 request to restore the privilege of filing quarterly returns. The  
38 department may deny a request to return to filing quarterly for good  
39 cause.  
40
- 41 C. A seller operating more than one (1) location within the municipality  
42 may file separate tax returns for each location but is allowed a single  
43 timely filing allowance under section 12.65.110, regardless of the  
44 multiple locations.  
45

- 1 D. A tax return is due and payment in full shall be received by the last  
2 day of the month following the end of the quarter, the month or the  
3 calendar year for which the tax return is filed. If this day falls on a  
4 Saturday, Sunday, or holiday observed by the municipality, the tax  
5 return and remittance payment shall be due the following business  
6 day.  
7
- 8 E. A tax return shall be submitted on a form or in a format prescribed by  
9 the department and shall include information as the department may  
10 require. A seller shall report and remit the sales **[and-use]** tax using  
11 the same method of accounting the seller uses for federal tax  
12 purposes.  
13
- 14 F. A seller may claim a deduction on its tax return for the amount of taxes  
15 due to the municipality in a transaction where the total amount of the  
16 sales is uncollected and deducted on a federal tax return as bad debt.  
17 If the seller later collects on such bad debt, the seller shall remit and  
18 report the portion of the collection attributable to the sales **[and-use]**  
19 tax to the municipality.  
20
- 21 G. A seller may claim a deduction on its tax return for sales **[and-use]**  
22 taxes previously remitted to the municipality if such taxes were  
23 collected in error and refunded to the purchaser, or if the sales  
24 transaction was reversed for the customer in accordance with the  
25 seller's established and written refund policy.  
26
- 27 H. If a seller fails to file a complete tax return as required by this section  
28 or if the department finds a tax return is not supported by the records  
29 required to be maintained under this chapter by the seller filing the tax  
30 return, the department may prepare and file a tax return on behalf of  
31 the seller. Taxes estimated on a tax return filed on behalf of a seller  
32 under this subsection may be premised upon any information  
33 available to the department including comparative data for similar  
34 businesses. A seller for whom an involuntary tax return is filed under  
35 this subsection shall be liable for the taxes stated on the involuntary  
36 tax return, in addition to penalties and interest provided for in this  
37 chapter.  
38
- 39 1. The department shall notify the seller of a determination made  
40 under this subsection and include in such notice the basis of  
41 the department's calculations determining the seller's liability  
42 with a notice of the seller's rights under section 12.65.190, that  
43 payment is due immediately and that taxes, interest, penalties  
44 and costs continue to accrue from the date taxes were due  
45 under this chapter for the period(s) covered by the  
46 determination.

1  
2 2. Unless otherwise determined by the department, taxes due  
3 under this section shall be payable immediately.

4  
5 3. Taxes determined under this section shall be due on the same  
6 date as if a tax return had been filed by the seller in accordance  
7 with this chapter and interest, penalties and administration  
8 costs shall accrue from the due date.

- 9  
10 I. The director or corporate officer of a corporation, member of a limited  
11 liability company, or other person charged with the responsibility to  
12 report and remit a seller's taxes collected pursuant to this chapter has  
13 a fiduciary duty to ensure timely, proper, and complete tax returns are  
14 filed and the related taxes due under this chapter are remitted to the  
15 department on behalf of the seller. A person with significant control  
16 over a corporation's or limited liability company's finances may be held  
17 personally liable for failing to timely file a complete and proper tax  
18 return under this chapter.

19  
20 **12.65.120 Timely filing allowance.**

21  
22 A. A seller authorized to collect the sales ~~[and use]~~ tax under this  
23 chapter and who is in otherwise full compliance with this chapter may  
24 retain two ~~[three]~~ percent (2~~[3]~~%) of the tax collected, up to a maximum  
25 of \$1,000 ~~[\$3,000]~~ in a calendar year, for purposes of offsetting a  
26 portion of the costs incurred by the seller in collecting the tax for the  
27 municipality, provided the seller's tax return and full remittance is  
28 received by the department on or before the due date.

29  
30 B. If the seller is not in full compliance with this chapter, the seller is not  
31 eligible for and may not retain the two ~~[three]~~ percent (2~~[3]~~%) credit.

32  
33 C. A seller is not in full compliance if the seller:  
34 1. has an account with a past-due balance, or  
35 2. has a missing or incomplete return outstanding, ~~or~~  
36 ~~3. is in any manner not in compliance with a municipally-~~  
37 ~~approved payment plan.]~~

38  
39 D. The seller shall report on each tax return the amount retained under  
40 this section for that reporting period, and the total amount retained in  
41 the calendar year up to the last day of the reporting period.

42  
43 **12.65.130 Confidentiality of information.**

44  
45 A. The records of the seller retained pursuant to this chapter shall be  
46 considered proprietary and confidential, and shall not be disclosed to

1 any person except employees and agents of the municipality acting in  
2 their official capacity and then only for purposes reasonably related to  
3 the collection and remittance of the sales [~~and use~~] tax.  
4

- 5 B. Notwithstanding subsection A., the department may, at its discretion  
6 for the sole purpose of enforcing this chapter, share any and all sales  
7 [~~and use~~] tax returns, registration information or other data gathered  
8 under this chapter with other federal, state and municipal tax collection  
9 agencies and other government agencies only as necessary to  
10 enforce this chapter, collect tax monies, or perform an audit.  
11

#### 12 **12.65.140 Security for fiduciary performance.** 13

- 14 A. *Guarantee required.* To ensure a seller subject to this chapter  
15 performs its fiduciary responsibility to timely collect, account for,  
16 safeguard, report and remit taxes levied by this chapter, under section  
17 12.65.070F, or for other good cause shown, the department may  
18 require a seller to provide a guarantee by one or more of the methods  
19 specified in this section. The amount of the guarantee shall be in an  
20 amount the department determines to be five percent (5%) of the  
21 estimated average annual sales revenues for the applicant, or  
22 \$5,000.00, whichever is greater. In the event the municipality  
23 exercises a claim against the guarantee, the seller shall provide an  
24 additional guarantee, in an amount equal to the amount of the paid  
25 claim, no later than thirty (30) days after the date such claim is paid or  
26 its certificate of registration shall be automatically revoked.  
27

- 28 B. *Methods.* The applicant seller shall include one or more of the  
29 following methods to guarantee performance of its fiduciary  
30 responsibilities at the time of application for a certificate of registration:  
31

- 32 1. *Surety bond.* The seller may elect to grant a surety bond, in an  
33 amount defined in subsection A. of this section, from a  
34 company authorized to do such business in the state. The bond  
35 shall be in a form acceptable to the municipal attorney. The  
36 bond shall be payable to the municipality and shall be  
37 conditioned upon payment in full of the tax, including penalties  
38 and interest due and to become due and owing to the  
39 municipality by said seller during the effective period of the  
40 bond under the provisions of this chapter. The surety may  
41 terminate this bond, except as to any liability already incurred  
42 or accrued, and may do so upon giving the seller and the  
43 department written notice to that effect. The surety shall provide  
44 written notice to the department not less than thirty (30) days  
45 before the expiration, non-renewal, lapse, termination, or other  
46 similar event affecting such surety bond. Thirty (30) days after

1 receipt by the department of such notice or upon a later date  
2 specified in the notice, or upon the filing and acceptance of a  
3 new bond, the existing bond shall terminate and be of no further  
4 force and effect, except as to any liabilities or indebtedness  
5 incurred or accrued thereunder as of the date of termination.  
6

7 2. *Deposit in escrow.* The applicant seller may elect to deposit a  
8 cash sum, in an amount defined in subsection A. of this section,  
9 either with the municipality or in escrow with a responsible  
10 financial institution authorized to do such business in the state.  
11 In the case of an escrow account, the seller shall file with the  
12 municipality an escrow agreement which shall include the  
13 following terms:  
14

15 a. Funds of the escrow account shall be held in trust until  
16 released by the municipality and may not be used or  
17 pledged by the seller as security in any matter during  
18 that period other than payment of the tax, penalties, and  
19 interest due and to become due and owing to the  
20 municipality under this chapter.  
21

22 b. In the case of a failure on the part of a seller subject to  
23 this section to remit taxes due under this chapter by the  
24 required due date, the institution shall immediately make  
25 all funds in such account available to the municipality for  
26 use in satisfying those taxes due, along with any related  
27 penalties and interest as provided for in this chapter.  
28

29 3. *Letter of credit.* The applicant seller may elect to produce, from  
30 a bank or other responsible financial institution authorized to do  
31 such business in the state, a letter of credit in a form acceptable  
32 to the department. Such letter shall be filed with the department  
33 and shall certify the following:  
34

35 a. The financial institution irrevocably guarantees funds in  
36 an amount defined in subsection A. of this section.  
37

38 b. In the case of failure on the part of the seller to remit  
39 taxes due under this chapter by the required due date,  
40 the financial institution shall pay to the municipality  
41 immediately and without further action such funds as are  
42 necessary to satisfy those taxes due, along with any  
43 related penalties and interest as provided for in this  
44 chapter, up to the limit of credit stated in the letter.  
45

46 4. Other forms of guarantee acceptable to the department.

- 1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28
- C. When a seller subject to this section files a tax return and remits the full amount of taxes due under this chapter, by the due date prescribed by this chapter, for tax return periods equivalent to two (2) consecutive calendar years, the seller may submit a written request to the department for a waiver of the requirement to post a guarantee. Except as provided in this section, the department shall approve the request in writing, stating the date the requirement for a guarantee shall expire and any funds held by the municipality in satisfaction of the guarantee requirement returned. The department shall not, however, approve the request and the requirement for a guarantee shall not expire when the department has reasonable cause to believe the applicant seller is a related party or related entity to another person or seller, still owing delinquent sales tax revenues for which the applicant is applying for a certificate of registration for purposes of avoiding payment of delinquencies, penalties or interest under this chapter.
- D. The agreement or contract, and other evidence of a guarantee under this section, is subject to inspection by the department. The department may require production of the agreement or contract providing the guarantee for inspection prior to issuing a certificate of registration.
- E. Security for fiduciary performance under this section may be waived for an applicant seller with less than \$25,000 in annual revenues on average for the past three (3) consecutive years.

29  
30

**12.65.150 Certificates of exemption.**

- 31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45
- A. The department shall provide a certificate of exemption to an eligible person upon successful application by that person. The municipality shall charge a fee for the application or issuance of the certificate of exemption, in a reasonable amount determined by the department. Once issued, the certificate of exemption shall be valid for five (5) years unless earlier revoked by the municipality due to the ineligibility of the person receiving the certificate of exemption or due to misuse of the certificate of exemption.
1. A person regularly purchasing goods or services in a sale exempt from the tax under section 12.65.040 may use a certificate of exemption when those goods or services are purchased from a seller. The purchaser shall use the certificate only when purchasing goods or services in exempt transactions. Use of the certificate by any person other than the



1 purchaser to whom the certificate is issued, or for sales not  
2 exempt under section 12.65.040, is prohibited.

3  
4 2. Application for a certificate of exemption shall be made to the  
5 department on a form or in a format prescribed by the  
6 department containing, in addition to such information as the  
7 department may require, the following:

8  
9 a. The name, address and phone number of purchaser,  
10 including its corporate or other ownership structure and  
11 its federal tax status (federal tax status is only required  
12 if claiming exemption as a 501(c)(3) entity);

13  
14 b. A description of the general character of the goods or  
15 services to be purchased in the regular course of  
16 business, for which the goods or services purchased  
17 using the exemption certificate are obtained; and

18  
19 c. The signature or electronic signature of an authorized  
20 representative of the purchaser.

21  
22 **12.65.160 Prohibited acts.**

23  
24 A. In addition to other acts and omissions prohibited by this chapter:

25  
26 1. A person may not advertise, hold out, or state to the public or  
27 to any purchaser or person directly or indirectly the sales tax or  
28 any part of it is assumed or absorbed by the seller, or the tax is  
29 not be added to the sales price, or the tax is to be refunded,  
30 except as provided in this chapter.

31  
32 2. A seller shall not absorb, fail to add, or refund the sales tax or  
33 any part of it, unless the tax is refunded with a full or partial  
34 return or exchange of the purchased goods under the seller's  
35 usual return or exchange policy.

36  
37 3. A seller shall not fail to state the amount of the tax separately  
38 from the sales price to the purchaser. The seller remains  
39 responsible for the tax amount even if the seller fails to state  
40 the amount of the tax separately. This subsection shall not  
41 apply to sales from coin-operated, currency-operated, or credit-  
42 card operated machines, bartering, sales of transportation for  
43 hire, games of chance and contests of skill, sales from street  
44 vending carts and sales where it is not feasible to require  
45 calculation of the sales tax at the time of sale under the  
46 circumstances as determined by the department.

- 1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28
4. No person may engage in business selling **taxable** goods or services in the municipality without first obtaining a certificate of registration under this chapter.
  5. No person, whether or not a seller covered by a certificate of registration, shall deny the department, or agent(s), subsequent to identification during business hours or at a reasonable time, access to records of sales transactions and other accounting records for purposes of inspection under this chapter.
  6. No person shall charge or collect in excess of the proper amount of tax due under this chapter. Money collected as sales tax in excess of the actual sales tax owed becomes a liability of the seller under section 12.65.050.
  7. No person shall misuse an exemption certificate. For purposes of this subparagraph, *misuse* shall mean:
    - a. For a purpose other than an allowed exempt purpose under this chapter; or
    - b. Copying or distribution of the exemption certificate to any person(s) other than the person to whom it is issued, whether or not a person uses or attempts to use such duplicated certificates in a purchase transaction.

29  
30

**12.65.170 Penalties.**

- 31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46
- A. The penalties provided for in this subsection shall be in addition to all other penalties and interest provided for under this chapter, notwithstanding language to the contrary.
    1. A seller who fails to file a complete tax return, in accordance with section 12.65.~~110~~**110**, within thirty (30) calendar days following its due date shall automatically incur a civil penalty for each incomplete tax return, or tax return not filed, equal to five percent (5%) of the taxes due to the municipality with that tax return as determined by the department. Such penalty shall be automatically increased by an additional five percent (5%) of the taxes due for each 30 day period the return is delinquent, up to a maximum of twenty-five percent (25%) of the taxes owed. Interest shall accrue daily on the delinquent taxes at the rate of fifteen percent (15%) per annum, or the maximum interest rate allowed by law, whichever is greater.

1  
2 2. A seller who fails to collect the tax levied by this chapter shall  
3 incur a civil penalty equal to twice the amount of the tax which  
4 should have been collected.

5  
6 B. Except for subsection A., unless a different penalty is provided in this  
7 chapter, any person who violates any provision of this chapter shall be  
8 liable for a civil penalty not to exceed \$1,000 for each separate  
9 violation. Where the same violation occurs multiple times, each  
10 occurrence shall constitute a separate violation. Violations of other  
11 requirements listed below subject the violator to a civil penalty not to  
12 exceed the specified amount:

13  
14 1. Failure to notify department of expired certificate of registration  
15 (section 12.65.070[05.040]E.2.): \$500.00.

16  
17 2. Engaging in the business of sales without a certificate of  
18 registration: \$1,000.00.

19  
20 C. The department may revoke, suspend, or cancel a certificate of  
21 registration issued under this chapter for any violation of this chapter.

22  
23 D. The department may seek an abatement order or injunctive relief to  
24 address violations of this chapter.

25  
26 **12.65.180 Collection of taxes.**

27  
28 Taxes, interest, penalties, and administration costs due under this chapter  
29 and unpaid may be collected by referral to a collection agency, commencing  
30 a civil action for the collection of a debt, by executing a claim against security  
31 provided under section 12.65.140[100], by foreclosure of the tax lien in  
32 accordance with AS 09.45.170 through 09.45.220, by any method permitted  
33 by law, or any combination of the above.

34  
35 **12.65.190 Tax lien.**

36  
37 A. The taxes and the penalties provided for herein shall constitute a lien  
38 in favor of the municipality upon all property of the person owing the  
39 tax. This lien arises upon delinquency and continues until the liability  
40 is satisfied or the lien is foreclosed. When recorded, the lien shall  
41 have priority established by AS 29.45.650(e).

42  
43 B. The department may [shall] record a notice of lien at any time after  
44 [when] the taxes are delinquent for more than thirty (30) days. The  
45 department shall serve notice of the lien to [all] liable persons by  
46 certified mail or process server.

1  
2 **12.65.200 Remedies of person aggrieved.**  
3

4 A. Any person aggrieved by any action or determination of the  
5 department under this chapter may apply to the department and  
6 request a hearing before the chief fiscal officer on the department's  
7 action or determination within thirty (30) days from the date the  
8 department mails notice of its action or determination.  
9

10 1. An application for a hearing shall notify the department of the  
11 specific action or determination contested and the amount of  
12 tax, interest, cost or penalty contested, and the reason for such  
13 contest.  
14

15 2. The uncontested portion of any tax due under this chapter shall  
16 be paid when due regardless of any application for a hearing.  
17 Payment of the total amount due may be made at any time  
18 before the hearing. Payment in full does not affect a person's  
19 right to a hearing.  
20

21 B. Upon timely application for a hearing under this section, the chief fiscal  
22 officer, or an administrative hearing officer if designated by the chief  
23 fiscal officer, shall hold a hearing and render a decision or  
24 determination in accordance with chapter 3.60 to determine whether  
25 a correction or reversal of the department's action or determination is  
26 warranted.  
27

28 1. If a person requesting a hearing fails to appear at the hearing,  
29 the hearing officer shall issue a decision without taking  
30 evidence from that person, unless the person shows  
31 reasonable cause for failure to appear within seven (7) days  
32 after the date scheduled for the hearing.  
33

34 2. If the chief fiscal officer designates the administrative hearing  
35 officer to conduct the hearing, the administrative hearing officer  
36 shall hold the hearing and prepare recommended findings and  
37 conclusions. These findings and conclusions shall be  
38 forwarded to the chief fiscal officer for adoption, rejection, or  
39 modification and issuance of a final order or decision by the  
40 chief fiscal officer.  
41

42 C. Within thirty (30) days after receipt of a written final decision by the  
43 chief fiscal officer, a person aggrieved by the decision as a matter of  
44 right may file an administrative appeal of the decision with the Superior  
45 Court of the Third Judicial District, State of Alaska.  
46

1           1.    The person aggrieved shall be given access to the  
2                    department's file in the matter for preparation of such appeal.

3  
4           2.    Taxes, costs, penalties, and interest declared to be due in the  
5                    decision of the chief fiscal officer shall be paid within thirty (30)  
6                    days after the date of the decision or a supersedeas bond  
7                    guaranteeing payment shall be filed with the court in  
8                    accordance with Alaska Court Rules. Amounts paid shall be  
9                    held in trust by the municipality pending resolution of the  
10                    appeal.

11  
12        D.    If the Superior Court determines the department's action or  
13                determination or the chief fiscal officer's decision was incorrect, the  
14                court may determine the proper action, determination or decision. If  
15                the person aggrieved is entitled to recover all or part, of any tax due  
16                or paid, the court shall order the repayment and the department shall  
17                pay such amount within fourteen (14) days and attach a certified copy  
18                of the judgment to the payment.

19  
20        **12.65.210    Dedication of net receipts (not revenues); tax cap**  
21                **limitation.**

22  
23        The sales [~~and use~~] taxes required to fund the costs of administration,  
24        collection and audit are taxes required to fund additional services within the  
25        meaning of Charter section 14.03(b)(2). The portion of net receipts from  
26        the sales [~~and use~~] tax, after the costs of administration, collection and audit,  
27        in one fiscal year are dedicated to property-tax reduction in the following year,  
28        as prescribed in Charter section 14.07 and section 12.25.040 in order for the  
29        tax collected to be in substitution of other taxes.

30  
31        **12.65.220    Implementation and processes and procedures.**

32  
33        The chief fiscal officer shall implement and administer this chapter, may make  
34        administrative decisions with regard to its implementation, and may adopt  
35        such procedures and processes as may be required to implement this  
36        chapter, in accordance with chapter 3.40.

37  
38        **12.65.230    Amendments.**

39  
40        Any amendment to this chapter to increase the amount of the tax or to apply  
41        the receipts from the tax to any other purpose besides property tax relief,  
42        administration, collection and audit of the tax thereof, and the implementation  
43        prescribed by Charter section 14.07, or any amendment or ordinance that  
44        would have such effect, shall require the approval of three-fifths (3/5) of the  
45        qualified voters voting on the question. All other amendments to provisions

1 of this chapter not having the foregoing effect may be adopted by ordinance  
2 by majority vote of the Assembly.

3  
4  
5 **Section 3.** Anchorage Municipal Code chapter 12.25 is hereby amended to read  
6 as follows (*the remainder of the chapter is not affected and therefore not set out*):

7  
8 **Chapter 12.25 TAX INCREASE LIMITATION**

9  
10 \*\*\* \*\*\* \*\*\*

11 **12.25.040 - Computation of maximum attainable tax revenue amount.**

12  
13 The estimate of maximum attainable tax revenue (next year revenue  
14 available) is computed for the next fiscal year according to the following  
15 procedures:

- 16  
17 A. Define the tax increase escalation amount, (L):  
18  $L = (T - d - e) \times (1 + C + P)$  where the base amount for calculating the  
19 next year's tax increase limit shall be the total amount of the municipal  
20 taxes to be collected for the current fiscal year and:  
21 1. L is the allowable tax increase due to population and inflation  
22 growth factors.  
23 2. T is the total amount of:  
24 a. Real property and personal property taxes to be  
25 collected for the current fiscal year plus the amount of  
26 total [net] receipts from the prior fiscal year from levy  
27 and collection of the general sales [and use] tax per  
28 chapter 12.65,  
29 b. Municipal payments in-lieu of taxes paid or to be paid by  
30 any municipality of Anchorage utility, department,  
31 agency, public corporation or authority (MPILT),  
32 c. Auto fees, and  
33 d. State and federal payments in lieu of taxes levied in the  
34 current fiscal year in current-year dollars.  
35 3. d is the total amount of municipal tax levied in the current fiscal  
36 year to fund the cost of judgments entered against the  
37 municipality and to pay principal or interest on bonds, including  
38 revenue bonds.  
39 4. e is the total amount of municipal tax levied in the current fiscal  
40 year to fund the cost of emergency ordinances enacted  
41 pursuant to Charter section 10.03.

42  
43 \*\*\* \*\*\* \*\*\*

- 44 7. Transition rules for voter-approved sales [and use] tax.  
45 a. In order for the net receipts from the sales [and use]  
46 taxes collected in the fiscal year first levied [2022] to

1 be in substitution of property taxes that could be  
2 collected in the subsequent year, for the year first  
3 levied [2023, for 2022] only, the tax escalation amount  
4 (L) computed according to this subsection for the  
5 subsequent year [2023] shall be

- 6 i. calculated as though T did not include the total  
7 [net] receipts from the levy and collection of the  
8 general sales [and use] tax under chapter 12.65  
9 in the year first levied [2022], and  
10 ii. reduced by the total [net] receipts from the levy  
11 and collection of the general sales [and use] tax  
12 under chapter 12.65 in the year first levied  
13 [2022].

- 14 b. In order for the net receipts from the sales [and use]  
15 taxes collected during the second fiscal year levied  
16 [2023] to be in substitution of property taxes that could  
17 be collected in the subsequent year, for the second  
18 year levied [2024, for 2023] only, the tax escalation  
19 amount (L) computed according to this subsection for  
20 the subsequent year [2024] shall be

- 21 i. calculated as though T did not include both the  
22 [net] receipts from the levy and collection of the  
23 general sales [and use] tax under chapter 12.65  
24 between January 1 [, 2023] and June 30 of the  
25 second year levied [, 2023], and the difference  
26 between the [net] receipts from the levy and  
27 collection of general sales [and use] tax under  
28 chapter 12.65 for the remainder of the second  
29 year levied [2023] and the [net] receipts from the  
30 levy and collection of general sales [and use] tax  
31 under chapter 12.65 for the second half of the  
32 first year levied [2022], and  
33 ii. reduced by the [net] receipts from the levy and  
34 collection of the general sales [and use] tax  
35 under chapter 12.65 between January 1 [, 2023]  
36 and December 31 of the second year levied [,  
37 2023].

- 38 c. For 2024 and beyond, the tax escalation amount (L), T  
39 having been previously reduced by a year's worth of  
40 [net] receipts from the sales [and use] tax [receipts]  
41 under chapter 12.65 and thereby accomplishing the aim  
42 of making the sales [and use] tax in full substitution of  
43 other taxes, shall be calculated according to this section,  
44 without defining any additional exclusion for the sales  
45 [and use] tax under subsection B.  
46

B. Define exclusions in accordance with Charter section 14.03(b)(2) and the following guidance:

\*\*\* \*\*

7. The ~~net~~ receipts from the sales ~~and use~~ tax under chapter 12.65 shall be excluded from the calculation in **the first and second fiscal year the sales tax is levied [2022 and 2023]**, and thereafter shall not be excluded, in accordance with subsection A.7.c. and Charter section 14.07(d).

\*\*\* \*\*

(AO No. 84-208(S-A); AO No. 2003-160, §§ 2, 3, 1-1-04; AO No. 2003-161, § 1, 12-16-03; AO No. 2003-164, § 1, 12-16-03; AO No. 2004-22, § 1, 2-3-04; AO No. 2005-47, § 1, 4-19-05; AO No. 2005-48, § 1, 4-19-05; AO No. 2005-49, § 1, 4-19-05; AO No. 2009-109, § 2, 1-10-10; AO No. 2011-38, § 1, 3-29-11)

**Section 4.** Sections 2 and 3 of this ordinance and the Charter amendments set forth in the proposition in Section 1 shall become effective upon certification of the results of the election [on July 1, 2022], if and only if, the proposition contained in Section 1 of this ordinance is approved by three-fifths (3/5) of the qualified voters of the Municipality voting on the proposition during the regular Anchorage Municipal election held on April 7, 2020. Section 1’s directive to place the proposition on the ballot and the remainder of this ordinance shall be effective upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Municipal Clerk

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36