

**PETERSBURG BOROUGH
ORDINANCE #2017-06**

AN ORDINANCE PROPOSING AMENDMENTS TO CHAPTER 4.28, SALES TAX, OF THE PETERSBURG BOROUGH CODE TO INCREASE THE SALES TAX EXEMPTION CAP FOR A SINGLE SALE FROM \$1,200 TO \$5,000, AND TO ELIMINATE THE EXEMPTION FOR THE SALE OF GOODS PURCHASED WITHIN THE BOROUGH FOR USE OUTSIDE THE BOROUGH; AND DIRECTING THAT THE PROPOSED CODE AMENDMENTS BE SUBMITTED TO THE QUALIFIED VOTERS OF THE PETERSBURG BOROUGH

Whereas, subsections (D) and (E) of Section 4.28.120, Exemptions, of the Petersburg Borough Code exempts from sales taxation that part of a single sale of goods or services over one thousand two hundred dollars (\$1,200), which creates a maximum sales tax obligation on such a sale of seventy-two dollars (\$72); and

Whereas, with the State of Alaska's severe budget deficit equating to less State funds for use by municipalities, there is a need to raise revenue to maintain a balanced General Fund budget in future years in lieu of cutting services to our community, and increasing the sales tax exemption cap for a single sale to five thousand dollars (\$5,000) would create a maximum sales tax of three hundred dollars (\$300), a two hundred twenty-eight dollar (\$228) increase per sale; and

Whereas, Petersburg Borough Code subsection 4.28.120(L) exempts from sales taxation sales of goods for use outside the borough, if the buyer resides or has a principal place of business outside the borough, and if the goods are delivered to the buyer at a location outside the borough via common carrier or the U.S. Postal Service; and

Whereas, for the same reasons stated above, eliminating the exemption in 4.28.120(L) will simplify the sale process, raise needed revenue to maintain a balanced General Fund budget in future years, and ensure that every point of sale within the Borough which is not otherwise exempt will be subject to the local sales tax; and

Whereas, Petersburg Borough Charter Section 12.02(B), entitled *Sales and Use Taxes; Ratification of Sales or Use Tax Rate Increases*, states, "Any sales or use tax, or change in the rate or exemptions to the sales tax or use tax, shall be by ordinance, ratified by a majority of the qualified voters of the borough voting on the question."

Therefore, the Petersburg Borough ordains, that the following proposed amendments to Petersburg Borough Code Section 4.28.120 are adopted, and each shall be submitted to the qualified voters of the Borough as set out in Section 4 below.

Section 1. Classification: This ordinance is of a permanent nature and the amendments set out herein shall be codified in the Petersburg Borough Code upon ratification by the Borough voters.

Section 2. Purpose: The purpose of this ordinance is to amend subsections 4.28.120(D), (E), and (L) of the Borough Code relating to sales tax exemptions, and to direct that the amendments be submitted to the voters of the Borough for ratification.

Section 3. Substantive Provisions:

Chapter 4.28, Sales Tax, Subsections 4.28.120(D), (E) and (L) of the Petersburg Borough Code shall be amended as follows. The language proposed for deletion is struck through and the language proposed for addition is in red:

4.28.120 - Exemptions.

The following sales and services are exempt from said sales tax:

(There are no changes to A - C)

D. That part of a sale of goods over ~~\$1,200.00~~ **\$5,000.00** when all items purchased or delivered at the same time or within a 24-hour period are added together;

E. That part of a sale of services over ~~\$1,200.00~~ **\$5,000.00** for a specific job or task. Invoices for sales of services shall be computed for tax purposes monthly;

(There are no changes to F - K)

~~L. All sales of goods for use outside the borough, if the goods are sold to a buyer who resides or has its principal place of business outside the borough, and if the goods are delivered to the buyer at a location outside the borough via common carrier or the U.S. Postal Service;~~

(No further changes to this section)

Section 4. Submission to Voters:

A. In accordance with subsection 12.02B of the Borough Charter, the Borough Clerk shall submit the amendments to the voters of the Borough at the next regular election, to be held on October 3, 2017.

B. The separate questions to be submitted to the voters shall read substantially as follows:

Proposition # ____

Increasing the Single Sale Exemption Cap

Shall the Petersburg Borough Code Chapter 4.28, entitled Sales Tax, be amended to increase the sales tax exemption cap for a single sale of goods or services within the Petersburg Borough from \$1,200 to \$5,000?

- ☐ YES
- ☐ NO

A Yes vote means that a buyer will pay Petersburg Borough sales tax on the first \$5,000 of any single purchase.

A No vote means that a buyer will continue to pay Petersburg Borough sales tax on the first \$1,200 of any single purchase.

A single purchase includes all goods purchased from a single retailer at the same time or within a 24-hour period, or all services purchased within a 30-day period for a specific job or task.

Proposition #____

Eliminating the Sales Tax Exemption for Sales of Goods for Use Outside the Borough

Shall the Petersburg Borough Code Chapter 4.28, entitled Sales Tax, be amended to eliminate the exemption for sales of goods purchased within the Petersburg Borough by nonresidents buyers, for delivery and use outside the Borough?

- ☐ YES
- ☐ NO

A Yes vote means that all sales made within the Petersburg Borough by a nonresident buyer, where the goods purchased will be delivered for use outside of the Borough, will be subject to, and no longer exempt from, Petersburg Borough sales tax.

A No vote means that all sales made within the Petersburg Borough by a nonresident buyer, where the goods purchased will be delivered for use outside of the Borough, will continue to be exempt from Petersburg Borough sales tax.

Section 5. 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 and circumstance shall not be affected.

Section 6. Effective Date: This ordinance shall be effective upon adoption. The proposed borough code amendments set forth herein, if approved by the voters, shall become effective immediately upon certification of the election results.

Passed and approved by the Petersburg Borough Assembly, Petersburg, Alaska this _____ day of _____, 2017.

Mark Jensen, Mayor

ATTEST:

Debra K. Thompson, Borough Clerk

Adopted:
Published:
Effective: Ordinance effective upon adoption. Code Amendment effective upon Voter Approval and Certification of Election Results.