

## *CITY OF BETHEL, ALASKA*

### **Ordinance # 18-15**

#### **AN ORDINANCE AMENDING BETHEL MUNICIPAL CODE 4.16, SALES TAXES TO ADD A PROVISION FOR A USE TAX ON ALCOHOLIC BEVERAGES**

- WHEREAS,** in 1998, the City of Bethel did an extensive rewrite of the sales tax code;
- WHEREAS,** the 1998 version of the sales tax code included a provision for a use tax on the use, consumption and sale of alcoholic beverages;
- WHEREAS,** the use tax was levied in Bethel from April of 1999, when the new sales tax code went into effect, until 2009 when the citizens of Bethel voted to remove the local option restriction then in effect;
- WHEREAS,** in 2016, the City of Bethel began the process of updating the sales tax code;
- WHEREAS,** because a use tax cannot be levied unless the community is in a local option status, the committee did not consider reinstating the use tax;
- WHEREAS,** in October of this year the issue of returning to local option will once again be before the Bethel voters;
- WHEREAS,** while the outcome of the vote is unknown, having both the alcohol tax and the use tax in the Bethel Municipal Code can only be a benefit;
- WHEREAS,** because which tax is applicable depends on the city's alcohol status, having both ordinances in the Code is not contradictory;
- WHEREAS,** if the City voters elects to remain wet, the current alcohol tax will be the only one legally applicable and therefore the only one that can and will be enforced – the use tax will simply remain in a dormant status;
- WHEREAS,** conversely, if the City voters elect to return to local option, the current alcohol tax will be the one that becomes dormant while the use tax will automatically become active;
- WHEREAS,** the City of Bethel currently imposes sales taxes at three different levels: 6% on regular items; 12% on lodging and 15% on alcohol and marijuana;
- WHEREAS,** pursuant to AS 29.45.650(b), the City's use tax can be at the rate of the sales tax;

**NOW, BE IT ORDAINED**, the City Council amends the Bethel Municipal Code, Chapter 4.16, Sales Taxes, by adding a new section regarding an alcohol use tax.

**SECTION 1. Classification.** This is a Codified Ordinance and shall become part of the Bethel Municipal Code.

**SECTION 2. Amendments.** Bethel Municipal Code Chapter 4.16, Sales Taxes, is amended as follows: (new language is underlined and old language is stricken):

**4.16.010 Definitions**

W. Alcohol Use Tax means a tax imposed by the City, while under a local option as defined in AS 04.11.491, on the use, storage, or consumption of alcoholic beverages

**4.16.075 Alcohol Use Tax**

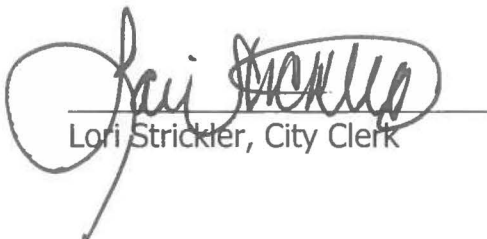
There is levied and shall be collected a use tax on the storage, use, and/or consumption of alcoholic beverages in the city.

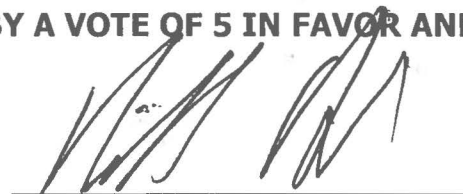
- A. The tax applied shall be at the same rate as the highest sales tax rate levied under this chapter.
- B. The buyer shall pay the tax.
- C. Business operating outside the city limits receiving orders for alcoholic beverages to be shipped by the seller, seller's agent or employee by common carrier to an address or person in the City, is responsible for tax collection and remittance to the City in the same manner as required for sales taxes levied by the City.
- D. Such seller shall be liable for remittance of the use tax in the same manner as a person who is required to collect the City sales tax on the sale of other goods.
- E. The buyer shall be liable to the City for all use taxes not collected by a seller.

**SECTION 3. Effective date.** This ordinance shall become effective ~~June 29~~ July 16, 2018 after passage by the Bethel City Council.

**ENACTED THIS 10<sup>th</sup> DAY OF JULY 2018, BY A VOTE OF 5 IN FAVOR AND 1 OPPOSED.**

ATTEST:

  
Lori Strickler, City Clerk

  
Richard Robb, Mayor