

Introduced by: Finance Committee
Introduction Date: April 27, 2021
Public Hearing Date: May 11, 2021
May 25, 2021
Action: Passed
Vote: 4-0

CITY OF BETHEL, ALASKA

Ordinance #21-14

AN ORDINANCE BY THE BETHEL CITY COUNCIL AMENDING BETHEL MUNICIPAL CODE 4.16.160 SALES TAX EXEMPTIONS AND LIMITATIONS

WHEREAS, in 2017, the City of Bethel repealed and readopted the City's Municipal Code 4.16, Sales Tax Exemptions;

WHEREAS, in 2020, the City began collecting remote sales tax through the Alaska Remote Seller Sales Tax Commission (ARSSTC);

WHEREAS, in establishing the City's participation in ARSSTC, it became clear that some of the City's sales tax exemptions and limitations were confusing or inconsistent;

WHEREAS, addressing these inconsistencies and clarifying the sales tax exemptions and limitations will improve accurate and timely collection of City sales tax and make the City's sales tax regulations more user-friendly for the City administration and the public.

NOW THEREFORE BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF BETHEL, ALASKA:

SECTION 1. Classification. This is a codified Ordinance is of general and permanent nature and shall become part of the Bethel Municipal Code.

SECTION 2. Amendment. Bethel Municipal Code Chapter 4.16.160 Tax Exemptions, is amended as follows, new language is underlined old language is stricken.

4.16.160 Exemptions and Limitations on Exemptions

The following sales and services are exempt from the tax levied under this chapter only in accordance with the exemptions and limitations thereon, as provided for in this section:

Introduced by: Finance Committee
Introduction Date: April 27, 2021
Public Hearing Date: May 11, 2021
May 25, 2021
Action: Passed
Vote: 4-0

- A. *Admissions.* Sales of admission to school entertainments, school athletic events, and events conducted for the benefit of charitable or community organizations are exempt. ~~This exemption does not apply to sales of gaming property.~~
- B. *ATVs/Boats.* That portion of the selling price of an all-terrain vehicle (ATV), snow machine, boat, or boat motor in excess of three thousand five hundred dollars (\$3,500) is exempt, regardless of whether or not such items are purchased simultaneously, or are invoiced or otherwise billed on the same billing document.
- C. *Banking* The following fees, sales and services charged by banks, savings and loan associations, credit unions and investment banks are exempt:
- a. Fees for the sale, exchange or transfer of currency, stocks, bonds and other securities;
 - b. *Loans.* The principal amount of the loan, the interest charged for loaning of money, escrow collection services, and any fees associated with the loaning of money ~~are exempt~~;
 - c. Services associated with the sale, exchange or transfer of currency, stocks, bonds and other securities;
 - d. Pass-through charges on loan transactions which include sales tax;
 - e. Sale of insurance policies, bonds of guaranty and fidelity (AS [21.09.210](#)).
- D. *Casual and Isolated Sales, Services or Rentals.* Proceeds from casual, occasional or isolated sales which are easily identified as the sale of ~~personal goods or property~~ tangible personal property or goods at such functions as moving, garage, yard, food and bake sales, markets or fairs (such as flea markets and craft fairs), the sale of private vehicles when the seller is not a dealer in used vehicles, or services such as babysitting or house-sitting provided the seller does not regularly engage in the business of selling such goods or services or rentals ~~but are exempt, but~~ are exempt, but only if:
1. The sales of goods and services do not occur for more than ten (10) days in a calendar year, and are not made through a dealer, broker, agent or consignee; or

Introduced by: Finance Committee
Introduction Date: April 27, 2021
Public Hearing Date: May 11, 2021
May 25, 2021
Action: Passed
Vote: 4-0

2. The rental of personal tangible property does not exceed sixty (60) days in a calendar year, whether or not consecutive. ~~The rental of real estate is not exempt.~~
 3. Sales or rentals made pursuant to a business license or by sellers representing themselves to be in the business of making sure sales, rentals or services are not exempt.
 4. The rental of real estate is not exempt.
- E. *Cemetery Plots.* The sale of cemetery/burial plots is exempt.
- F. ~~*Commerce.* Freight and wharfage charges, whether arising out of foreign, interstate or intrastate commerce, are exempt.~~
- ~~Warehouse and storage services transportation of goods, equipment, or other property from one point to another within the city limits by commercial movers is are not exempt.~~
- G. *Compliance with State and Federal Laws.* Gross receipts or proceeds derived from sales or services which the city is prohibited from taxing under the laws of the state or under the laws and the Constitution of the United States, including, but not limited to the following:
1. Sales by the U.S. Postal Service are exempt;
 2. Purchases made under the authority of or made with any type of certificate issued pursuant to [42](#) USC Sections [1771](#) through [1789](#) (Child Nutrition Act of 1966) are exempt;
 3. *Repealed by Ord. 20-06.*
 4. ~~Air transportation including that portion of any chartered fishing or hunting expedition which covers the cost of air transportation;~~ Air transportation precluded from taxation under AS 29.45.820 is exempt.
 5. Gross receipts or proceeds derived from sales to the United States Government, the state, a city or any political department thereof are exempt. However, the exemption shall not apply to the sale of materials and supplies to contractors for the manufacture or production of property or rendering services for sale to such government units or agencies on a contract bid

- award, in which event the contractor shall be deemed the buyer, subject to the payment of the tax.
6. A sale or rental to an employee of the state, its political subdivisions, or the federal government is ~~only~~ exempt, but only when the government employee provides proof that the sale is for government business by paying for the sale with a government voucher, purchase order, check, credit card, or warrant, or providing other verifiable documentation to the seller to allow the seller to readily determine that the sale is for government business.
7. A sale or rental to a federally recognized tribe is exempt, but only when the tribal employee provides proof that the sale is for tribal government business by paying for the sale with a tribal voucher, purchase order, check, credit card, or warrant, or providing other verifiable documentation to the seller to allow the seller to readily determine that the sale is for tribal government business.
- H. *Credit Unions*. Sales to or by federally chartered credit unions or credit unions organized under AS 06.45 are exempt.
- I. *Dues*. Dues or fees paid to clubs, labor unions and other organizations solely for the privilege of membership are exempt.
- J. *Freight and Wharfage*. Freight and wharfage charges, whether arising out of foreign, interstate or intrastate commerce, are exempt unless such delivery services are included in a through bill of lading in conjunction with interstate commerce. ~~Warehouse, storage services, and delivery services that begin and end within the city of Bethel are taxable, unless such delivery services are included in a through bill of lading in conjunction with interstate commerce.~~ 1. Warehouse and storage services are not exempt. 2. Transportation of goods, equipment, or other property from one point to another within the city limits by commercial movers is not exempt.
- K. *Maximum Tax*. That portion of the selling price for a single piece of equipment or tangible personal property ~~by an individual unit price in excess of ten thousand dollars (\$10,000) is exempt. A single sales unit is any retail merchandise sale in~~ excess of ten thousand dollars (\$10,000) is exempt, where the selling price is

Introduced by: Finance Committee
Introduction Date: April 27, 2021
Public Hearing Date: May 11, 2021
May 25, 2021
Action: Passed
Vote: 4-0

totalled on one (1) invoice or on any sales slip, ~~although this exemption does not apply if any portion of the invoice or sales slip refers to more than~~ under one (1) calendar day.

L. *Medical Services.*

1. Services of a person licensed or certified by the state of Alaska as a doctor of medicine and surgery, a doctor of osteopath and surgery, a chiropractor, a dentist, an optometrist, an audiologist, a hospital, an occupational therapist, a physical therapist or a licensed or practical nurse; provided, that the service is within the scope of the state license or certificate are exempt;
2. Services of a person licensed or certified by the state of Alaska as a psychologist or psychological associate, a clinical social worker, an alcohol or drug counselor, a marital and family therapist or a licensed professional counselor; provided, that the service is within the scope of the state license or certificate are exempt;
3. Fees for supplies, equipment and services provided by a hospital, medical clinic or dental clinic for patient treatment, including laboratory and x-ray services are exempt;
4. Assisted living services provided in accordance with an assisted living plan and in an assisted living home licensed as such by the state are exempt;
5. Gross receipts or proceeds of the retail sale of prescription drugs are exempt;
6. ~~Services rendered by masseurs, even those working for a hospital, chiropractor or other medical provider, are not exempt.~~
Services rendered by massage therapists, including those working for a chiropractor or other medical provider, are not exempt.

M. *Newspapers.* Sales of newspapers are exempt.

N. *Nonprofits.* A sale of goods or services to any ~~entity that, at the time of the sale,~~ is nonprofit able to produce ~~entity that, at the time of sale, can produce~~ a sales tax exemption card and that has:

1. ~~legally constituted and legitimately acting in accordance with~~ a duly authorized federal tax-exempt status pursuant to IRS Regulations, Section

501(c)(3), (4) or (19) is exempt, provided that any income from the exempt sale is also exempt from federal taxation;

~~2. provided any income from the exempt sale is exempt from federal taxation;~~
and

~~3. provided the nonprofit produces a sales tax exemption card.~~

~~Exceptions: Activities provided by the entity where such organization is engaged in business for profit or is competing with other persons engaged in the same manner or in a similar business are not exempt.~~

O. *Public Assistance.* Purchases made with food coupons, food stamps, or other type of certificate issued under [7](#) USC Sections [2011](#) through [2025](#) (Food Stamp Act) or other certificates issued under [42](#) USC [1786](#) (Special Supplemental Food Program for Women, Infants and Children) are exempt.

P. *Real estate sales.* Sale of property consisting of land and/or buildings are exempt.

Q. *Recreational Vehicles.* That portion of the selling price of an all-terrain vehicle (ATV), snow machine, boat, or boat motor in excess of three thousand five hundred dollars (\$3,500) is exempt, ~~is exempt~~ regardless of whether or not such items are purchased simultaneously, or are invoiced or otherwise billed on the same billing document.

R. ~~*Rental Units.* Costs incurred by owners/landlords for rental units, such as included utilities, fuel, or any other expenses, are not exempt.~~

Rental Units. Costs incurred by owners/landlords for rental units, such as included utilities, fuel, or any other expenses, are not exempt unless the sales tax is paid by owners/landlords in the purchase of fuel and electricity when the cost of such purchase is provided as a part of the total rental cost.

S. *Retail Sales of Foods.* ~~Are exempt in~~ Prepared food sold under the following circumstances are exempt as follows:

1. When served in cafeterias or lunchrooms of elementary, secondary, post-secondary schools, colleges or universities which are operated primarily for students and staff, and are not operated for the public or for profit;

Introduced by: Finance Committee
Introduction Date: April 27, 2021
Public Hearing Date: May 11, 2021
May 25, 2021
Action: Passed
Vote: 4-0

2. When served to clients and staff, and not to the public or for profit, as part of services provided by a nonprofit hospital or other nonprofit government organization licensed by the state of Alaska for the care of humans;
 3. Meals delivered by a nonprofit organization to handicapped or senior citizens at their place of residence or meals served on the premises of a nonprofit to senior citizens or the homeless or disadvantaged; provided, that the sale price of such meals does not exceed the cost of delivery or service of such meals.
- T. *Sales to Retailers.* Are exempt only if the buyer presents to the seller a valid exemption card, issued by the city pursuant to this section, and for the class of activity involved for which the exemption is sought and:
1. The sale of goods, wares or merchandise to a retail dealer, manufacturer or contractor is for resale within the city as is or incorporated into a product or commodity to be sold by the dealer, manufacturer or contractor within the city, if the subsequent sale is subject to the city sales tax;
 2. and the ~~The~~ product is an item sold as part of the reseller's primary business and ~~must be~~ is of such nature that it can be purchased by the general public in a transaction that is not dependent upon the purchase of another product or service.
 3. ~~The exemption card must be for the class of activities involving the resale of the type of goods for which the exemption is sought.~~
 4. Food products that are purchased for resale must be purchased and sold as is or prepared in a commercial kitchen. ~~If a purchaser buys goods for resale in accordance with this subsection and for personal or other use at the same time, only the goods that are to be sold for resale in accordance with this subsection shall be exempt.~~
 5. ~~Supplies, services, tools, repair services, equipment or any other goods or services purchased to support a business but not for resale in accordance with this subsection are not exempt.~~
- U. *School.*

Introduced by: Finance Committee
Introduction Date: April 27, 2021
Public Hearing Date: May 11, 2021
May 25, 2021
Action: Passed
Vote: 4-0

1. Fees and charges for extracurricular activities or events promoted or undertaken by educational or student organizations are exempt;
 2. Sales by any student organization, parent/teacher organization or booster club recognized by the school or educational organization in which it operates, which proceeds are utilized to further the purposes for which the organization was formed are exempt;
 3. Sales and services by schools or other educational organizations made in the course of their regular functions and activities, which proceeds are utilized to further the purposes for which such organization was formed are exempt;
 4. Sales of food and beverages at educational lunchrooms which are operated primarily for staff and/or students, and which are not operated for the purpose of sale to the general public for profit are exempt;
 5. The service of transporting students to and from a school in vehicles when in the regular course of that business is exempt.
- V. *Securities*. The sale of insurance and bonds of guaranty and fidelity, and the commission thereon (AS [21.09.210\(f\)](#), [21.79.130](#), [21.80.130](#)) is exempt.
- W. *Senior Citizen Exemptions*. The following are exempt only if the buyer, or their designee, presents a valid senior citizen exemption certificate and the product or service is intended primarily for the senior citizen holding the exemption card:
1. ~~The sale to a senior citizen of f-Food~~ intended for consumption by the senior citizen, their spouse, or same sex partner living in the same household, or the unemancipated minor children of either the senior citizen or their spouse or same sex partner, who live in the same household. For purposes of this subsection, "food" is defined in accordance with [Z](#) USC Section [2012\(g\)](#) (definition of "food" for purposes of the Food Stamp Act).
 2. The payment of rent by a senior citizen on a single dwelling occupied as the senior citizen's primary residence and permanent place of abode.
 3. Payment for telephone, electric, ~~water and sewer utility services, and heating~~ fuel by a senior citizen on a single dwelling occupied as the senior citizen's primary residence and permanent place of abode.

Introduced by: Finance Committee
Introduction Date: April 27, 2021
Public Hearing Date: May 11, 2021
May 25, 2021
Action: Passed
Vote: 4-0

- ~~4. The payment for heating fuel used by a senior citizen for a single dwelling occupied as the senior citizen's primary residence and permanent place of abode.~~
 - ~~5. The sale of alcohol, tobacco, bingo cards, raffle tickets, pull tabs, other games of chance and/or marijuana to a senior citizen is not exempt.~~
- X. *Services.* That portion of the selling price of a single service that exceeds twelve thousand dollars ~~(\$12,000)~~ 12,000.00 is exempt. This amount will be adjusted in ~~2019~~ 2022 and every two (2) calendar years thereafter consistent with the Consumer Price Index for all urban consumers for Anchorage metropolitan area compiled by the United States Department of Labor, Bureau of Labor Statistics. Adjustments to the amount listed will be rounded to the nearest one hundred dollars (\$100). For the purposes of this subsection, a single service is an interrelated and interdependent function necessary to perform a specified action. If a single service is performed over a period exceeding one (1) month, the selling price must be apportioned to a monthly or invoice basis, whichever is more frequent, proportionate to the service performed, except for:
1. A commission paid to an agent for negotiating the sale of real property ~~(the commission is taxed at the first twelve thousand dollars (\$12,000) of the sale, regardless of the length of time the agent has taken in selling the property); or~~
 2. A written contingency fee agreement award or settlement ~~(to be collected on the first twelve thousand dollars (\$12,000) of the fee award regardless of the length of time taken to resolve the case).~~
- Y. *Transportation.*
- ~~1. The following types of transportation services are exempt:~~
 - ~~a. 1. The sale of services for transporting passengers by river taxi, taxicab, bus, commercial airline, air charter, air taxi, hover craft, or are exempt.~~
 - ~~b. 2. The sale of passenger seat tickets by a commercial airline is exempt;~~

Introduced by: Finance Committee
Introduction Date: April 27, 2021
Public Hearing Date: May 11, 2021
May 25, 2021
Action: Passed
Vote: 4-0

€ 3. The service of transporting disabled or handicapped individuals when in the regular course of that business is exempt.

~~2. The following are not exempt:~~

α 4. The lease of vehicle for hire permits are not exempt.

β 5. The portions of a sale of flight seeing or air/water/shore excursion travel or adventure services which are not charges for transportation of persons on a federal airway are exempt;


€ 6. The lease or rental of vehicles is not exempt.

Z. *Utilities.* Payment for city water, sewer and refuse utility services by any and all persons or entities are exempt.

AA. *Wholesale.* Proceeds from products sold as wholesale sales to businesses designated by the state of Alaska as wholesalers are exempt. These include sales of goods, wares or merchandise to a retail dealer, manufacturer or contractor for resale within the city as is or incorporated into a product or commodity to be sold by the dealer, manufacturer or contractor within the city, if the subsequent sale is subject to the city sales tax. In this connection a retailer must stock that merchandise for resale, display the same to the public and hold themselves out as regularly engaged in the business of selling such products.

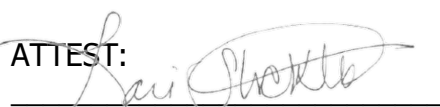
SECTION 4. This Ordinance shall become effective immediately following adoption by the Bethel City Council.

**BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF BETHEL, ALASKA
THIS 25th DAY OF MAY 2021 BY A VOTE OF 4 IN FAVOR AND 0 OPPOSED.**


Michelle DeWitt (Jun 7, 2021 12:33 AKDT)

Michelle DeWitt, Mayor

ATTEST:


Lori Strickler, City Clerk

City of Bethel

Page 10

Ordinance 21-14

Ordinance 21-14 Amending BMC Chapter 4.16.160 Tax Exemptions (1)

Final Audit Report

2021-06-07

| | |
|-----------------|--|
| Created: | 2021-06-05 |
| By: | Lori Strickler (lstrickler@cityofbethel.net) |
| Status: | Signed |
| Transaction ID: | CBJCHBCAABAAAA4qsMSh5iTb9TCfAe8DKAH4RmmfkLjQ |

"Ordinance 21-14 Amending BMC Chapter 4.16.160 Tax Exemptions (1)" History

 Document created by Lori Strickler (lstrickler@cityofbethel.net)

2021-06-05 - 0:47:36 AM GMT- IP address: 24.237.59.18

 Document emailed to Michelle DeWitt (mdewitt@cityofbethel.net) for signature

2021-06-05 - 0:47:57 AM GMT

 Email viewed by Michelle DeWitt (mdewitt@cityofbethel.net)

2021-06-07 - 8:32:25 PM GMT- IP address: 24.237.58.188

 Document e-signed by Michelle DeWitt (mdewitt@cityofbethel.net)

Signature Date: 2021-06-07 - 8:33:06 PM GMT - Time Source: server- IP address: 24.237.58.188- Signature captured from device with phone number XXXXXXXX0557

 Agreement completed.

2021-06-07 - 8:33:06 PM GMT