

INTRODUCED BY: Assembly Member Teresa Hall

AN ORDINANCE ADDING DBC, CHAPTER 3.45, ESTABLISHING A 2% GENERAL SALES AND SERVICES TAX WITHIN THE DENALI BOROUGH.

BE IT ENACTED by the Assembly of the Denali Borough, Alaska that:

Section 1. Classification. This ordinance- is of a general and permanent nature.

Section 2. Purpose and intent.

It is the purpose of the tax levied under this ordinance to raise revenue. Revenue raised through this tax will be distributed by placing 35% of the annual revenue into a capital projects reserve fund, 15% to be placed annually into the Denali Borough Permanent Fund and the remaining 50% placed in the Denali Borough General fund.

Chapter 3.45

GENERAL SALES AND SERVICES TAX

Sections:

- 3.45.010 Imposition of tax rate.
- 3.45.020 Interpretation.
- 3.45.030 Exemptions
- 3.45.040 Sellers to add sales tax to selling price.
- 3.45.050 Submitting tax to the borough.
- 3.45.060 Procedures and forms.

3.45.010 Imposition of tax rate.

There shall be levied and collected a 2% general sales tax on retail sales and rentals made and services performed within the Denali Borough. This tax will begin only after adoption by the Denali Borough assembly and voter approval in the next scheduled general election.

[The amount of sales tax to be added to the price of a sale or service and shall be determined in accordance with the following schedule:

| Amount of sales | Tax |
|-----------------------|-------|
| Under \$.20 | None |
| \$.20 through \$.59 | \$.01 |
| \$.60 through \$.99 | \$.02 |
| \$1.00 through \$1.39 | \$.03 |
| \$1.40 through \$1.79 | \$.04 |
| \$1.80 through \$2.19 | \$.05 |

| | |
|--------------------------------------|-------|
| \$2.20 through \$2.59 | \$.06 |
| \$2.60 through \$2.99 | \$.07 |
| \$3.00 through \$3.39 | \$.08 |
| \$3.40 through \$3.79 | \$.09 |
| \$3.80 through \$4.19 | \$.10 |
| Over \$4.19, continue on same scale. | |

3.45.020 Interpretation.

The tax levied by this ordinance applies to ALL sales and services except those that are expressly exempted from the tax in this ordinance under 3.45.030.

3.45.030 Exemptions.

Exemptions from the tax levied by this chapter are to be construed narrowly. The tax levied under this ordinance shall not apply to the following:

- A. Sales of professional services related to the field of medicine including Doctors, Physicians Assistants, Mental Health Counselor, Dentistry, Naturopath, Chiropractor or Physical Therapist, Veterinarians, provided that sale is within the scope of state license or certificate.
- B. Any controlled substances supplied or prescribed, by any person listed in item A.
- C. Sales or rental of hearing aides, crutches, wheelchairs, or other items prescribed for use by any person listed in item A.
- D. Sales, rentals and services to a person that the Internal Revenue Service recognizes as an organization described in Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code.
- E. Retail sales, services or rentals at a school activity by a school- approved group, raising funds for an approved purpose.
- F. Child day care, pre-school and home babysitting services or a non-profit youth day recreation, summer or similar camps serving persons less than 18 years of age.
- G. Real estate such as land or housing rentals, leases, or sales.
- H. Transportation such as taxi, or Alaska Railroad, or sales of motor vehicles.
- I. Sales of electricity.
- J. Telephone service.
- K. Contracts to transport elementary or secondary students to and from school.
- L. Fuel for heating purposes or the use in motor vehicles including coal, wood, diesel, gasoline, and propane.
- M. Sales of admission to school entertainments, school athletic events, and events conducted for the benefit of charitable or community organizations.
- N. Collection of refuse.
- O. Rental of equipment and its operator for the use of general building construction.
- P. Any item or service currently being subject to a tax already provided by ordinance of the Denali Borough.

Once this ordinance is approved by the voters any change to the exemptions shall be approved by the voters.

3.45.040 Seller to add sales tax to selling price.

Every Seller shall add the amount of the sales tax levied by this ordinance to the total selling price and the tax will be stated separately on any sales receipt. A Sign shall be prominently placed in each business that collects sales tax under this ordinance stating the amount of sales tax to be collected.

3.45.050 Submitting tax to the borough.

Taxes will be paid to the Denali Borough on a quarterly basis and filed with the borough clerk on or before the last day of the following month. Should that last day fall on a closed borough business day, the deadline will be extended to the next borough business day. [September 30, December 31, March 31, and June 30 will be the date taxes are due into the Borough Office. Taxes may be considered delinquent if not remitted within 45 days.] Penalties of five (5) % of the total amount due may be assigned thereafter. Operators may be subject to civil action for recovery of revenues due to the Denali Borough under this ordinance. The seller is responsible for remitting sales tax on all non exempt sales to the Borough.

3.45.060 Procedures and forms.

The Administration shall adopt and amend procedures, fees and forms for the administration of this chapter after approval from the Denali Borough Assembly.

Section 3. Effective date.

This ordinance becomes effective upon its approval by the Denali Borough Assembly, and the majority of voters in the next general election in November 2006. Taxes will be collected beginning the 1st day of April 2007

Date introduced: February 8, 2006
First Reading: February 8, 2006

Public Hearing held in Anderson: March 8, 2006
Public hearing held in Healy: April 12, 2006
Public Hearing held in McKinley Village: May 10, 2006
Public Hearing held in Cantwell: June 14, 2006

PASSED and APPROVED by the DENALI BOROUGH ASSEMBLY this ____th day of _____, 20____.

Mayor

ATTEST:

Borough Clerk