

CITY OF GUSTAVUS, ALASKA
TITLE IV
Revenue and Finance
Chapter 4-15

AN ORDINANCE OF THE CITY OF GUSTAVUS CREATING AND
ADOPTING TITLE IV: REVENUE AND FINANCE PROVISIONS OF THE
MUNICIPALITY'S CODE OF ORDINANCE CHAPTER 4-15, SALES TAX

BE IT ENACTED BY THE GUSTAVUS CITY COUNCIL AS FOLLOWS:

Section 1. Classification. This ordinance is of general and
permanent nature and shall become a part of the City of Gustavus
Municipal Code.

Section 2. Severability. If any provision of this ordinance or any
application thereof to any person or circumstance is held invalid, the
remainder of this ordinance and its application to other persons or
circumstances shall not be affected thereby.

Section 3. Enactment. Now, therefore, be it enacted by the
Gustavus City Council that Title IV, Revenue and Finance, Chapter 4-15,
Sales Tax be created and adopted.

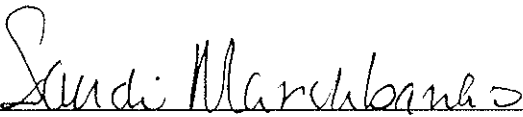
Section 4. Effective Date. This ordinance becomes effective July 8,
2004.

DATE INTRODUCED: June 16, 2004

DATE OF 1st PUBLIC HEARING: June 23, 2004

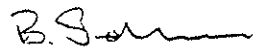
DATE OF 2ND PUBLIC HEARING: July 8, 2004

PASSED AND ADOPTED by the Gustavus City Council this 8th day of
July, 2004.



Mayor

ATTEST:



Clerk

Title 4-15

Revenue and Finance

Sales Tax

Sections:

- 04.15.010 Purpose and Intent**
- 04.15.020 Definitions**
- 04.15.030 Imposition of Rate – Effective Date of Sales Tax**
- 04.15.040 Exemptions**
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- 04.15.070 Monthly Returns – Penalties and Interest for Delinquency**
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- 04.15.090 Assessment Limitation Periods – Record Keeping**
- 04.15.100 Delinquency – Failure to Submit Return or to Remit Taxes - Assessments**
- 04.15.110 Protest of Tax**
- 04.15.120 Appeals**
- 04.15.130 Forgiveness of Uncollected Taxes, Penalties, and Interest**
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- 04.15.160 Deposit by Non-Residents**
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- 04.15.180 Sale of Business – Final Tax Return – Liability of Purchaser**
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- 04.15.200 Collected Taxes**
- 04.15.210 Use of Proceeds**

Section 04.15.010 Purpose and Intent

The purpose of the tax levied under this chapter is to raise revenues. To that end, the scope of the tax levied shall be broadly interpreted and exemptions shall be allowed only when the rental, sales, or service clearly falls within an exemption defined in this ordinance.

Section 04.15.020 Definitions

For the purposes of this chapter, the following words and phrases shall have the meanings respectively ascribed to them by this section:

Buyer, Consumer, and Operator:	Include without limiting the scope thereof, every individual, receiver, assignee, trustee in bankruptcy, trust estate, firm corporation, joint venture, club, company, business trust, co-partnership, association, society, or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit, or otherwise.
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City:	The City of Gustavus, Alaska, or the area within the territorial limits of the City of Gustavus, Alaska.
City Council:	The Gustavus City Council or the Gustavus City Council's designees.
May:	Permissive.
Must and shall:	Each is mandatory.
Include and Including	"By way of illustration only" and shall not be interpreted as a limitation, except where expressly so provided.
Retail Sale:	Any sale of real or tangible personal property including barter, credit, installment, and conditional sales for any purpose other than resale in the regular course of business. The delivery of goods in the City by a seller whose principal place of business is outside the City to a buyer or consumer is a retail sale made within the City if such retailer maintains any office, distribution, or sales house, warehouse or any other place of business, or solicits business or received orders through any agent, salesman, or other type of representation within the City.
Sale for Resale:	The sale of tangible personal property to a buyer whose principal business is the resale of the property whether in the same or altered form.
Seller:	Every person making retail sales to a buyer or consumer renting property or performing services for consideration whether acting as principal or using the services of an agent or broker.
Selling Price and Price:	The gross amount of a transaction between a buyer and a seller.
Services:	All services of every manner and description that are performed or furnished for consideration whether in conjunction with the sale of goods or not, but does not include services rendered by an employee to an employer. All retail services by a seller within the City of services to be provided or performed in whole or in part within the City, regardless of the buyer's place of residence; or buyer's physical location upon acceptance of the offer, or exchange of consideration.
State:	State of Alaska.

Section 04.15.030

Imposition of Rate

- a. There shall be levied and collected a tax equal to two percent (2%) of the selling price on retail sales, rentals made, and services performed, within the City.
- b. **There shall be no Sales Tax on any sale subject to the Room Tax in Chapter 04.14.030.**
- c. **The taxability of a sale of goods is determined by the delivery of the tangible personal property. The taxability of a rental made is determined by the place where the service is performed or rental property is located except as provided below, the sale of a service is subject to the sale tax if the service is performed within the City.**
 - 1. **Where a buyer receives a service within the corporate limits of the City of Gustavus, and the service begins or ends therein, or where the buyer receives an entire service therein the sale is subject to the City of Gustavus sales tax.**
 - 2. A person who furnishes proof in the form required by the City official administering this chapter, that he has paid the tax in some jurisdiction other than the City, on the sale of a service, is required to pay the City's sales tax to the extent [of the difference] of the amount of sales tax paid elsewhere and the amount of tax levied by the City. This paragraph applies to a sales tax in any taxing jurisdiction, whether inside or outside the State.

Section 04.15.040 Exemptions

The tax levied under this chapter shall not apply to the following:

- a. Casual and isolated sales not made in the regular course of business;
- b. Sales, services, rentals, and transactions which the municipality is prohibited from taxing under the Constitution and laws of the United States or the State of Alaska;
- c. Sales of goods and associated shipping and handling charges where the resulting goods are ordered from and delivered outside the City. Delivery outside the City must be verified by postal documents or shipping documents;
- d. Sales of medical, dental, nursing services, and of counseling services by clinical psychologists licensed by the state, alcohol and drug counselors certified by the state, and social workers who have a minimum of a masters degree in social work (MSW) and other allied health practitioners licensed by the State of Alaska;
- e. Sales and resale of hearing aides, crutches, prescriptions, wheelchairs, and personal property specifically manufactured for a patient;

- f.. Membership dues, assessments, initiation fees, and donations paid to labor unions, fraternal organizations, and other non-profit organizations that have obtained a 501(c) exemption certificate from the Internal Revenue Service, but excluding set minimum or suggested fee charged for admission to specific functions;
- g. Sales, services, and rentals to a buyer, or made by a seller, organized and administered solely by an organization that has obtained a 501(c)(4) exemption ruling from the Internal Revenue Service and an exemption certificate from the finance director, provided, this exemption applies to sellers only if the income from the sale is exempt from federal income taxation;
- h. Sales, services, and rentals to or by a foreign government, the United States government, the State of Alaska and its political subdivisions and municipalities. The exemption does not apply to rentals or to the sale of materials, supplies, and services to contractors for the manufacture or production of property or services for government agencies on a contract;
- i. Sales of food and beverages in public and private school cafeterias, which are operated primarily for teachers or students and which are not operated for profit;
- j. Child day care, pre-elementary school, and babysitting services;
- k. Sales tax paid on leases under a lease/purchase agreement may be credited toward the payment of the tax due on the exercise of the purchase option in the same proportion as the lease payments are applied to the purchase price, provided there will be no refund of taxes paid on the lease;
- l. That part of the selling price of travel and adventure services, rentals, and goods, excluding lodging, sold outside but delivered within the City which is not remitted to the provider of the service and which represents a selling cost or commission or similar charge;
- m. Sales of services or goods for resale – goods or a service is sold for resale when the service is directly integrated into services or goods sold by the buyer to another purchaser in the normal course of business, and the service is purchased separately for each resale, and the service is identified, charged for, and billed separately from any other service;
- n. Sales of transportation and handling services for goods rendered by sellers primarily engaged in furnishing such services, where the goods are either transported from, or delivered to, a point outside the City provided that the retail seller of goods may not exclude transportation or handling charges from the selling price of the goods;

- o. Sales for resale of tangible personal property, as defined in section 04.15.020, to a buyer who holds a valid resale certificate issued by the City.

Section 04.15.050 Regulations and Procedures

- a. A Mayor or a City official designated by the Council shall administer this ordinance and make recommendations for regulations, policies, fees, and guidelines for the determination of the taxability of transactions. The City Council shall adopt policy guidelines, regulations, fees, and procedures for the management of this ordinance by resolution and may rule on specific transactions upon request. The written ruling on a specific sale may be relied upon by the parties to the sale unless essential facts were not provided to the person making the ruling or the ruling is clearly contrary to provisions of this ordinance.
- b. The burden of proving an exemption shall be on the operator claiming an exemption. Operators claiming an exemption may be required to obtain an exemption certificate. Certificates issued under this ordinance shall expire as determined by guidelines established by the City Council.
- c. The City Council, or the City official administering this ordinance when so authorized by the City Council, shall take all steps necessary and appropriate to fulfill the requirements of this ordinance, which includes the authority to compromise and abate penalties and interest, and to negotiate and enter into payment plans for delinquent sales, taxes, penalties, and interest.

Section 04.15.060 Seller to Add Tax to Selling Price

Every seller shall add the amount of the tax levied by this chapter to the total selling price and the tax shall be stated separately on any sales receipts, slips, rent receipts, charge tickets, invoices, statements of account, or other tangible evidence of sale.

**Section 04.15.070 Monthly Returns – Penalties and Interest for
Delinquency**

- a. Every person making sales, rentals, or performing services within the City shall on or before the last day of the month, unless the last day of the month is Saturday, Sunday, or Federal, State or City holiday in which case the due date will be extended until the next business day, immediately following the end of each filing period complete a return for the required filing period setting forth the total amount of all rentals regardless of whether such transactions are taxable or nontaxable, the amount of sales tax due, and such other information as the City may require, and sign and deliver or mail the return to the City Clerk. Periodic returns shall be filed for each calendar month, unless the operator is allowed or directed by the City Clerk to file for a different time period as authorized in this section and section 04.15.120. A person, other than a governmental agency, making only exempt sales may be

allowed, upon written request to the City Clerk or the manager, to file returns for periods which vary from the standard calendar month and which cover time periods up to one year.

- b. The tax levied under this ordinance, whether or not collected from the buyer, except for credit transactions covered in subsection C of this section, must be remitted by the seller to the City at the time of transmitting the return, and if not so remitted or if the return is not timely filed, such tax is delinquent. The postmark shall determine the date of filing mailed returns. In addition, a late payment penalty of five percent (5%) per month or any fraction thereof, until a total late payment penalty of twenty-five percent (25%) has accrued shall be added to all returns until such tax, penalty, and interest thereon have been paid. Such penalty shall be assessed and collected in the same manner as the tax is assessed and collected. In addition to these penalties, interest at the rate of fifteen percent (15%) per year on the delinquent tax is collected.
- c. The seller shall report sales tax to the City for sales tax previously paid by the seller on any sale, service or rental made on credit to the extent the seller declares such debt to be uncollectable and a bad debt. Such bad debt credit must be claimed on a filed monthly sales tax report within two years from the date of sale in which the bad debt arose.
- d. Information shall be confidential. Except as otherwise provided herein, all returns, reports, and information required to be filed with the City under this ordinance and all information deductible from such filed returns, reports, and information, shall be kept confidential and are not subject to public inspection. Except upon court order, such returns, reports, and information shall be made available only to employees of the City whose job responsibilities are directly related to such returns, reports, and information or to the operator authorized in writing by the operator supplying such returns, reports, and information. The following information shall be made available to the public: the name and address of sellers, whether or not a business is registered to collect sales tax in the City, whether or not a business is current in filing sales tax returns and in remitting sales tax, the amount of sales tax due, and the number of returns not filed. There may be published, from time to time, the names of sellers delinquent in remitting sales taxes and the amount thereof, provided that the names of sellers who have signed a confession of judgment for the delinquent sales taxes, penalties, and interest, and a stipulation to postpone such stipulation as of the date on which the names are submitted to the publisher, will not be published. Information may also be made available to the public in the form of statistical reports if the identity of particular sellers is not revealed by the reports.

Section 04.15.080 Seller's Compensatory Collection Discount

All sellers and operators rendering sales tax returns to the City shall be allowed to compensate themselves for costs incurred in the collection, record keeping, remittance, and accounting for the tax imposed by taking two percent (2%) of the tax due as a tax collection discount to reduce the tax to be remitted on any monthly return that is filed on a timely basis with a remittance of all sales taxes due. The deduction may not exceed one hundred dollars (\$100.00) for any reporting period and may not be taken if any sales tax, penalty, or interest is due for any previous reporting period.

Section 04.15.090 Assessment Limitation Periods – Record Keeping

- a. The amount of any tax imposed under this ordinance may be determined and assessed for a period of three (3) years after the date the return was filed with the City Council. No suit for the collection of such tax may be commenced after the expiration of the three-year period except for taxes, penalty, and interest due for such months as are the subject of a written demand or assessment made under Section 09.06.100 of this ordinance within such three-year (3-year) period, unless the seller waives the protection of this section.
- b. In order to facilitate the administration and enforcement of the provisions of this ordinance, each seller or operator otherwise engaged in applicable business within the City shall maintain and keep for a period of three (3) years all of the monthly sales tax reports, forms, and supporting records and other records prescribed by the City official administering this ordinance. The failure to maintain adequate records to allow documentation of the taxability of each transaction will result in the loss of any tax exemption, deduction, or credit for that particular transaction. Upon the request of the City official administering this ordinance, a seller shall make available for examination in the City the books, records, and other documentation of the seller unless said official authorizes examination to be conducted at a different location.

Section 04.15.100 Delinquency – Failure to Submit Return or to Remit Taxes – Assessments

- a. **Whenever the City official administering this ordinance reasonably believes a return contains inaccurate reporting or whenever any seller has become delinquent in the submission of the required monthly return or in remitting sales taxes, there shall be mailed to the delinquent seller’s last known address a written demand by certified mail, return receipt requested for the submission of the corrected or required sales tax return and remittance within ten (10) days. In the event of non-compliance with such demand, the City official administering this ordinance may make a sales tax assessment against the taxable revenue received by the seller during the monthly period in question. A copy of the assessment shall be sent to the seller at his last known address by certified mail, return receipt which time the seller shall make available for examination the books, papers, records, and other requested. The seller shall**

have a right to a hearing before the City official administering this ordinance with documents pertaining to the revenue of the period involved in the assessment. The seller may exercise his right to a hearing by delivering to the City clerk or City official administering this ordinance within fifteen (15) days of the date the notice was mailed a written request for a hearing. The City clerk or official administering this ordinance shall establish a date and time for a hearing to be held within ten (10) days of receipt of the request, unless a later time is mutually agreeable. The operator conducting the hearing shall issue an amended assessment if it is determined an amendment should be made. The amended assessment, or the original assessment, if no amendment is made within five (5) days of the hearing, shall be the final assessment for the purpose of determining the seller's liability to the City. If no timely request for a hearing is made, the original assessment shall be the final assessment thirty (30) days after the mailing of the notice of the original assessment unless the seller has submitted an accurate return within the thirty (30) days.

- b. The City may file a civil action for collection of any taxes, penalty, or interest due before or after making a demand or assessment under Subsection (A) of this section.

Section 04.15.110 Protest of Tax

- a. A buyer who protests the payment of the tax levied under this ordinance shall pay the tax and shall provide the seller and the City official administering this ordinance with a written statement of protest within five (5) working days of the sale that identifies the sale, rental, or service that is the subject of the tax protested, the amount of tax paid, the buyer's and seller's name, mailing address, telephone number, and the basis for the protest.
- b. If the seller protests his liability on an assessment under Section 04.15.100, which has become final, he/she shall pay the tax under written protest setting forth the basis for the protest. No action for a refund may be maintained nor may a defense to non-payment be maintained in a civil action unless the amount in dispute has been paid by the seller under written protest filed at or before the time of payment.

Section 04.15.120 Appeals

- a. Informal Appeal:
For controversies involving sales taxes, penalties, and interest not exceeding five hundred dollars (\$500.00), or involving procedures implemented by the City official administering this ordinance, an appeal by a financially aggrieved taxpayer or merchant shall be directed to the Mayor. The Mayor shall advise the appellant of a date certain for a hearing and shall informally review the appeal claim, make written findings, and state

reasons for the decision. The decisions shall be maintained and indexed by the City official administering this ordinance for review by the public. The appellant may appeal the decision of the Mayor to the Board of Appeals within fifteen (15) days after receipt of the written decision of the Mayor, and failure of the appellant to so appeal shall be deemed to be a waiver of any right to appeal such decision.

b. Board of Appeals:

1. In order to provide an appeal mechanism for controversies involving sales taxes, penalties, and interest exceeding five hundred dollars (\$500.00), and in order to hear appeals from decisions of the Mayor as provided under Subsection “A” of this section, there is established a Board of Appeals which shall consist of the City Council.
2. The City Council shall adopt rules of procedure for the Board of Appeals provided for in Subsection “b” “1” of this section. Such rules may not be inconsistent with this ordinance.

Section 04.15.130 Forgiveness of Uncollected Taxes, Penalties, and Interest

The City Council, or the City official administering this ordinance when so authorized by the City Council, may forgive the payment of uncollected sales taxes, interest, and penalty thereon and penalties for failure to file (owed by a seller to the City) upon a determination by the City official administering this ordinance that such uncollected sales taxes have never been collected by a substantial portion of a clearly definable class of seller, or, which have never been collected on a substantial portion of a clearly defined class of type of transaction or service.

Section 04.15.140 Criminal Liability

Any operator, firm, co-partnership, or corporation, or an officer, director, or agent of a corporation violating any of the provisions of this ordinance or failing or refusing to comply with a lawful request or demand of a City official authorized by or made under this ordinance is guilty of a Class “A” misdemeanor.

Section 04.15.150 Registration

An operator, firm, co-partnership or other business entity shall register with the City official administering this ordinance before making retail sales, rendering services or making rentals within the City.

Section 04.15.160 Deposit by Non-Residents

- a. An operator, corporation, or other association that is about to make sales, perform services, or make rentals shall first register with the City official administering this ordinance, upon evidence of an Alaska Business License held by said operator, firm, co-partnership,

corporation, or other business entity, and shall make the deposit required by this section unless the operator has been a resident of the City for six (6) months prior to registering or the corporation or association is composed of such residents or has been regularly engaged in business within the City for nine (9) of the twelve (12) months preceding registration.

- b. The deposit required under subsection “A” will be Two Hundred Fifty Dollars (\$250.00).
- c. The deposit must be refunded upon written request and a determination by the City official administering this ordinance that:
 - 1. The seller has filed sales tax returns and made full remittance of sales taxes owing for the first calendar year of business.
 - 2. That the seller has filed a statement that he has ceased engaging in transactions within the City and has remitted all sales taxes due.
- d. The deposit must be refunded within thirty (30) days of the receipt of the request unless the City official administering this ordinance has initiated an audit of the seller or has otherwise questioned a return made during the period under consideration.
- e. The City official administering this ordinance may order the withdrawal from the deposit of the seller so much as said official determines is required to make up for any deficiency or late payment of taxes. No seller may engage in transactions within the City after receipt of written notice that the City official administering this ordinance has withdrawn all or a portion of the seller’s deposit for application to a delinquent or insufficient payment of sales taxes. Upon the deposit with the City of funds restoring the deposit to its original amount or such higher amount as the City official administering this ordinance determines is appropriate in the light of the actual sales experience of the seller, the seller may again engage in transactions. A seller may not deduct the deposit from his last or any other sales tax return.

Section 04.15.170 Reserved

Section 04.15.180 Sale of Business – Final Tax Return – Liability of Purchaser

- a. If any seller sells, assigns, transfers, conveys, leases, forfeits, or abandons the business to another operator, the seller shall make a final sales tax return within fifteen (15) days after the date of selling, assigning, transferring, conveying, leasing, forfeiting, or abandoning the business showing that all tax obligations imposed by this ordinance have been paid. The purchaser, successor, transferee, lessee, assignee, creditor, or secured party shall withhold a sufficient portion of the

purchase money to pay the amount of such sales taxes, penalties, and interest as may be due and unpaid to the City. If the purchaser, assignee, transferee, lessee, successor, creditor, or secured party fails to withhold from the purchase money, or fails to otherwise provide for or make the payment of the taxes, interest, and penalty owed by the business as provided in this ordinance, the purchaser, assignee, transferee, lessee, successor, creditor, or secured party shall be personally liable for the payment of the taxes, penalties, and interest accruing and unpaid to the City on account of operation of business of any former owner, owners, operators, or assigns.

- b. Before the sale, lease, assignment, transfer, or other disposition of the business is completed, the seller shall file with the City official administering this ordinance an informational notice identifying the name and address of each operator or entity involved in the transaction, the nature of the transaction, and the effective date of the transactions.

Section 04.15.190 Lien for Tax, Interest, and Penalty

- a. The tax, interest, and penalty imposed under this ordinance in addition to the lien filing fee under Subsection “b” of this section shall constitute a lien in favor of the City upon the assets, including all real and personal property, of every operator making taxable sales within the City. The lien arises upon delinquency and continues until liability for the amount is satisfied or the property of the delinquent operator is sold at foreclosure sales. The lien is not valid as against a prior mortgagee, pledgee, purchaser, or judgment creditor until notice of the lien is filed in the office of the recorder for the Juneau recording district in the manner provided for federal tax liens in AS 43.10.090 through 43.10.150.
- b. Fees for filing and releasing of liens shall be:
 - 1. Filing of liens, twenty-five dollars (\$25) plus recorder’s office filing fee;
 - 2. Release of liens, twenty-five dollars (\$25) plus recorder’s office filing fee;
 - 3. The above rates may be changed in guidelines adopted by the City Council by resolution from time to time to reflect the costs of providing municipal services generally.

Section 04.15.200 Collected Taxes

Taxes collected under this ordinance by a seller shall belong to the City of Gustavus and shall be held by the seller in trust for the City of Gustavus until paid over as provided in this ordinance.

Section 04.15.210 Use of Proceeds

Proceeds of this tax shall be used for the general expenses of the City, which may include the expense of any municipal service.

This Sales Tax Ordinance shall become effective July 8, 2004.