AN ACT

Prohibiting the imposition of municipal sales and use taxes on state construction contracts and certain subcontracts; and providing for an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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AN ACT

Prohibiting the imposition of municipal sales and use taxes on state construction contracts and certain subcontracts; and providing for an effective date.

* Section 1. AS 29.10.200(51) is amended to read:

   (51) AS 29.45.650(c), (d), (e), (f), (i), [AND] (j), and (k) (sales and use tax);

* Sec. 2. AS 29.10.200(52) is amended to read:

   (52) AS 29.45.700(d), [AND] (e), and (g) (sales and use tax);

* Sec. 3. AS 29.45.650 is amended by adding a new subsection to read:

   (k) A borough may not levy or collect a sales or use tax on a construction contract awarded by the state or a state agency, or on a subcontract awarded in connection with the project funded under the construction contract. This subsection applies to home rule and general law municipalities.

* Sec. 4. AS 29.45.700 is amended by adding a new subsection to read:
(g) A city may not levy or collect a sales or use tax on a construction contract awarded by the state or a state agency, or on a subcontract awarded in connection with the project funded under the construction contract. This subsection applies to home rule and general law cities.

* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).