

**HOUSE BILL NO. 233**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

**BY REPRESENTATIVES SCALZI, Hudson**

**Introduced: 4/6/01**

**Referred: Community and Regional Affairs, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the levying and collecting of sales and use tax; and providing for an**  
2 **effective date."**

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

4 **\* Section 1.** AS 29.45 is amended by adding a new section to read:

5 **Article 5A. Collection of Sales and Use Tax by the State.**

6 **Sec. 29.45.750. Collection of municipal sales and use tax by the state. (a)**

7 The Department of Revenue may collect a sales and use tax levied by a municipality  
8 under AS 29.45.650 or 29.45.700 and remit it to the municipality if

9 (1) requested to do so by municipal ordinance; and

10 (2) the exemptions to the municipal sales and use tax conform to the  
11 exemptions in AS 43.44.020.

12 (b) The state may retain seven percent of the amount collected under (a) of  
13 this section as a fee for its services.

14 **\* Sec. 2.** AS 43 is amended by adding a new chapter to read:

1 **Chapter 44. Sales and Use Tax.**

2 **Sec. 43.44.010. Levy of sales and use tax; tax rate.** (a) A sales tax is levied  
3 on the sale or other transfer for consideration of goods, on rents, and on services  
4 performed for consideration in the state.

5 (b) A use tax is levied on the storage, use, or consumption of tangible personal  
6 property acquired on or after January 1, 2002. The use tax is not levied if the tax  
7 under (a) of this section has been paid on the property.

8 (c) The rate of the sales tax is two percent of the price of goods sold or  
9 otherwise transferred, rents, and the value of services performed. The rate of the use  
10 tax is two percent of the value of tangible personal property stored, used, or consumed.

11 **Sec. 43.44.020. Exemptions.** The tax levied under AS 43.44.010 does not  
12 apply to

13 (1) purchases made with

14 (A) food coupons, food stamps, or other types of certificates  
15 issued under 7 U.S.C. 2011 - 2025 (Food Stamp Act);

16 (B) food instruments, food vouchers, or other types of  
17 certificates issued under 42 U.S.C. 1786 (special supplemental nutrition  
18 program for women, infants, and children);

19 (2) goods sold, rents, services performed, or personal property stored,  
20 used, or consumed that are otherwise exempt from taxation under federal or state law;

21 (3) sales of goods or services for resale;

22 (4) sales, services, and rentals to or by the United States, the state, or  
23 an instrumentality or political subdivision of either;

24 (5) professional services by a person licensed or certified by the state  
25 to practice medicine, podiatry, osteopathy, chiropractic or chiropractic core  
26 methodology, dentistry, dental hygiene, marital and family therapy, mortuary science,  
27 naturopathy, optometry, audiology, direct-entry midwifery, acupuncture, physical  
28 therapy, psychology, occupational therapy, or nursing, and services provided by a  
29 state-licensed or state-certified nurse assistant, psychological associate, hospital, or  
30 assisted living home, provided that the sale is within the scope of the state license or  
31 certificate;

1                   (6) sales of prescription drugs, sales of medical supplies and  
2 equipment prescribed by a person licensed or certified in one of the areas listed in (5)  
3 of this section, or sales of funeral supplies by a person licensed to practice mortuary  
4 science;

5                   (7) that part of the selling price of a single item that exceeds \$2,000;  
6 for purposes of this paragraph, a single item is an item sold in a single sale consisting  
7 of integrated and interdependent component parts affixed or fitted to one another in  
8 such a manner as to produce a functional whole; optional accessories, including goods,  
9 services, and contracts for services, if used or essential for the operation of the item,  
10 are considered part of the functional whole;

11                   (8) that part of the periodic selling price of a single service that  
12 exceeds \$2,000; for purposes of this paragraph,

13                   (A) the periodic selling price is the amount owed on a calendar-  
14 month or invoice basis, whichever is more frequent; services or contracts  
15 exceeding a payment period of one calendar month are computed for sales tax  
16 purposes as though payment were to be made on a calendar-month basis;

17                   (B) a single service is an interrelated and interdependent  
18 function necessary to perform a specified action;

19                   (9) that part of the periodic rental price that exceeds \$2,000 for rental  
20 of a single item of real or personal property; for purposes of this paragraph,

21                   (A) the periodic rental price is the amount owed on a monthly  
22 or more frequent basis;

23                   (B) rentals exceeding a payment period of one month are  
24 computed for sales tax purposes as though payment were to be made on a  
25 monthly basis;

26                   (10) the following activities:

27                   (A) the sale, lease, rental, storage, consumption, or distribution  
28 in this state of or the provision of services relating to an orbital space facility,  
29 space propulsion system, or space vehicle, satellite, or station of any kind  
30 possessing space flight capacity, including the components of them;

31                   (B) the sale, lease, rental, storage, consumption, or use of

1           tangible personal property placed on or used aboard an orbital space facility,  
 2           space propulsion system, or space vehicle, satellite, or station of any kind,  
 3           regardless of whether the tangible personal property is returned to this state for  
 4           subsequent use, storage, or consumption; an exemption under this  
 5           subparagraph is not affected by the failure of a launch to occur or by the  
 6           destruction of a launch vehicle or a component of a launch vehicle;

7                       (11) a sale that is casual, isolated, and not made in the ordinary course  
 8           of business;

9                       (12) goods sold for resale in the ordinary course of business;

10                      (13) sales by or to a person who is exempt from federal taxation under  
 11           26 U.S.C. 501;

12                      (14) financial service transactions; for purposes of this chapter  
 13           financial service transactions are limited to deposit account services, loan transaction  
 14           fees, transactions relating to the sale or exchange of currency or securities,  
 15           transactions for conversion of negotiable instruments, safe deposit services, and  
 16           escrow collection services;

17                      (15) insurance premiums;

18                      (16) freight hauling and shipping services;

19                      (17) sales by or to an entity organized as a religious corporation under  
 20           Alaska law.

21                      **Sec. 43.44.030. Registration.** A seller shall register with the department  
 22           before making retail sales, rendering services, or making rentals within the state.

23                      **Sec. 43.44.040. Collection of sales tax.** (a) A seller shall add the amount of  
 24           the sales tax levied by this chapter to the total price of goods, rentals, or services  
 25           subject to the tax, and the tax shall be stated separately on any sales receipt, invoice, or  
 26           other record of the sale or rental.

27                      (b) A seller shall collect the sales tax from the purchaser and remit the tax  
 28           collected to the department not later than 30 days following the last day of the month  
 29           in which the tax was collected.

30                      (c) A seller remitting the sales tax collected under this chapter to the  
 31           department within 30 days of the last day of the preceding month may retain five

1 percent of the amount collected, not to exceed \$1,000 a calendar quarter, to cover  
2 expenses associated with collecting and remitting the tax. In this subsection, "calendar  
3 quarter" means each of the three-month periods ending March 31, June 30,  
4 September 30, and December 31.

5 **Sec. 43.44.050. Payment of use tax.** A buyer subject to the use tax shall  
6 remit the tax to the department not later than 30 days following the last day of the  
7 month in which the taxable storage, use, or consumption occurs.

8 **Sec. 43.44.060. Collection of state sales and use tax by a municipality.** (a)  
9 A municipality that levies a sales and use tax under AS 29.45.650 or 29.45.700 may  
10 also collect the state sales and use tax and remit it to the department if

11 (1) authorized by municipal ordinance; and

12 (2) the exemptions to the municipality's sales and use tax conform to  
13 the exemptions in AS 43.44.020.

14 (b) A municipality that collects and remits the state sales and use tax may  
15 retain seven percent of the amount collected as a fee for its services.

16 \* **Sec. 3.** This Act takes effect January 1, 2002.