

Original Sponsors: Messrs.  
Jackson, Lefevre, Orbeck, et al

Offered: 3/23/65  
Referred: Finance

1 IN THE HOUSE BY THE LOCAL GOVERNMENT COMMITTEE

2 CS FOR HOUSE BILL NO. 60

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the power of cities and  
7 boroughs to levy sales taxes; and providing  
8 for an effective date."

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

10 \* Section 1. AS 07.15.010(7) is amended to read:

11 (7) to levy all taxes and special assessments,  
12 enforce tax liens, and assess and collect penalties in the  
13 manner provided for first class cities. It may levy

14 (A) areawide taxes for areawide functions,  
15 except that an areawide sales tax may be levied only  
16 as provided in AS 07.15.012, and

17 (B) taxes limited to the area outside cities  
18 for functions limited to the area outside cities;

19 \* Sec. 2. AS 07.15 is amended by adding a new section to read:

20 Sec. 07.15.012. AREAWIDE SALES TAX. A first or second  
21 class borough may levy an areawide sales tax in the manner  
22 provided for first class cities. However, if a city within  
23 the borough levies and collects a sales tax, the borough tax  
24 may not exceed two per cent of the sales price of the source  
25 taxed, unless the city and the borough provide otherwise by  
26 interlocal agreement. An interlocal agreement may not  
27 authorize combined city and borough sales tax levies in  
28 excess of four per cent of the sales price of the source  
29 taxed.

1 \* Sec. 3. AS 29.10.357(a) is amended to read:

2 (a) The council may levy and collect a consumer's sales tax  
3 not exceeding three per cent of the sales price on all re-  
4 tail sales, on all rents, and on all services made within  
5 the city [MUNICIPALITY]. The sales tax may be levied and  
6 collected on any one or more of these tax sources, at the  
7 option of the council. If the city is located within an  
8 organized borough which levies and collects an areawide sales  
9 tax, the tax levied by the council may not exceed two per  
10 cent of the sales price of the source taxed. However, the  
11 city and the borough may provide otherwise by interlocal  
12 agreement, so long as the combined sales tax levies of the  
13 city and the borough do not exceed four per cent of the sales  
14 price of the source taxed.

15 \* Sec. 4. AS 29.25.420 is amended to read:

16 Sec. 29.25.420. LEVY AND COLLECTION OF SALES TAX. The  
17 council may levy and collect a sales tax not to exceed three  
18 per cent, in accordance with the procedure set forth in  
19 secs. 420 - 480 of this chapter, and may prescribe the  
20 manner of collecting the tax. If the incorporated village  
21 is located within an organized borough which also levies and  
22 collects an areawide sales tax, the tax levied by the council  
23 may not exceed two per cent of the sales price of the source  
24 taxed. However, the incorporated village and the borough  
25 may provide otherwise by interlocal agreement, so long as  
26 the combined sales taxes levies of the incorporated village  
27 and the borough do not exceed four per cent of the sales  
28 price of the source taxed.

29 \* Sec. 5. AS 29.08 is amended by adding a new section to read:

1                   Sec. 29.08.015. LIMIT ON HOME RULE TAXING POWER.  
2 AS 29.10.357, which limits taxing power, applies to home  
3 rule cities.

4 \* Sec. 6. AS 07 is amended by adding a new chapter to read:  
5                   CHAPTER 12. HOME RULE BOROUGHES.

6                                   ARTICLE 1. TAXATION.

7                   Sec. 07.12.015. LIMIT ON HOME RULE TAXING POWER.  
8 AS 07.15.012, which limits taxing power, applies to home  
9 rule boroughs.

10 \* Sec. 7. Nothing in this Act prohibits a city or borough  
11 which on May 1, 1965 was levying and collecting a sales tax  
12 dedicated by contract to the amortization of bonded or other  
13 indebtedness from continuing to levy and collect the tax for the  
14 period of the dedication.

15 \* Sec. 8. A city which on May 1, 1965 by authority of a  
16 referendum is levying a sales tax in excess of two per cent may  
17 continue to levy at that rate and if the borough in which the  
18 city is located is levying a sales tax at a rate which when com-  
19 bined with that of the city exceeds four per cent the borough must  
20 reduce its sales tax to a level where the combined areawide sales  
21 tax will not exceed four per cent.

22 \* Sec. 9. This Act takes effect May 1, 1965.  
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