

1 IN THE SENATE

BY ZIEGLER

2 SENATE BILL NO. 316

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to municipal sales tax."

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

8 * Section 1. AS 29.53.415(a) is amended to read:

9 (a) A borough may levy and collect a sales tax not exceeding
10 three percent on retail sales or rents, and on services made within
11 the borough. The sales tax may apply to any and all of these sources.
12 [EXEMPTIONS MAY BE GRANTED BY ORDINANCE.]

13 * Sec. 2. AS 29.53.415 is amended by adding a new subsection to read:

14 (e) "Retail sale" means every sale of tangible personal property
15 other than a sale to a person who purchases the property for purposes
16 of resale in the regular course of business without intervening use,
17 or purchases the property for the purpose of consuming it in producing
18 for sale a new article of tangible personal property. The term
19 includes the charge made for tangible personal property consumed and
20 for labor and services rendered in respect to installing, repairing,
21 cleaning, altering and printing or improving of tangible personal
22 property.

23 * Sec. 3. AS 29.53 is amended by adding new sections to read:

24 Sec. 29.53.417. EXEMPTIONS. (a) The following transactions are
25 exempt from borough sales tax:

26 (1) that portion of a selling price for a single piece of
27 equipment or sale unit in excess of \$1,000; a single sale unit includes
28 any retail sale where the selling price is separately computed or
29 totaled on any delivery invoice or sales slip;

1 (2) medical, dental and hospital services, and the sale of
2 hearing aids and medicinal preparations when prescribed by a licensed
3 practitioner;

4 (3) sales resulting from an order received from outside the
5 borough where delivery of the property ordered is made outside the
6 borough by mail or common carrier;

7 (4) sales of building and construction supplies for use in
8 construction which is authorized by an issued building permit;

9 (5) sales of tangible personal property which will enter
10 into and become an ingredient or component part of tangible personal
11 property manufactured, processed or fabricated for ultimate sale at
12 retail, including timber, timber products, fish, fish products,
13 minerals and other raw materials for processing or further processing;

14 (6) sales of machinery, and equipment and repair and
15 replacement parts, used in or during the actual manufacturing,
16 processing or fabricating of tangible personal property for ultimate
17 sale at retail, provided that the use of the machinery or equipment
18 is necessary to the performance of those operations.

19 (b) Boroughs may grant additional exemptions by ordinance.

20 Sec. 29.53.419. CONTRACTORS AND REPAIRMEN. For purpose of a
21 borough sales or use tax under this chapter, a contractor or
22 repairman who performs repair services upon tangible personal property
23 or who performs an improvement upon real estate, and who, as a
24 necessary part of performing these services, incorporates tangible
25 personal property belonging to him into the property being repaired or
26 improved shall be considered to be the consumer of the property
27 furnished by him and incorporated into the property of his customer.
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