

**ALASKA LEGISLATURE**

**2747**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004**

1 taxes);

2 \* Sec. 3. AS 29.10.200(51) is amended to read:

3 (51) AS 29.45.650 [AS 29.45.650(c), (d), (e), (f), (i), AND (j)]

4 (general sales and use tax);

5 \* Sec. 4. AS 29.10.200(52) is amended to read:

6 (52) AS 29.45.700 [AS 29.45.700(d) AND (e)] (general sales and use

7 tax);

8 \* Sec. 5. AS 29.10.200 is amended by adding new paragraphs to read:

9 (64) AS 29.35.110(a) (expenditure of borough revenues);

10 (65) AS 29.45.660 (notice of sales and use tax);

11 (66) AS 29.45.670 (referendum on adoption, and modification of sales

12 and use tax).

13 \* Sec. 6. AS 29.35.110(a) is amended to read:

14 (a) Borough revenues received through taxes levied [COLLECTED] on an  
15 areawide basis by the borough may be expended on general administrative costs and  
16 on areawide functions only. Borough revenues received through taxes levied  
17 [COLLECTED] on a nonareawide basis may be expended on general administrative  
18 costs and functions that render service only to the area outside all cities in the  
19 borough. This subsection applies to home rule and general law municipalities.

20 \* Sec. 7. AS 29.35.170 is amended to read:

21 Sec. 29.35.170. Assessment and collection of taxes. (a) A borough shall  
22 assess [AND COLLECT] property [, SALES, AND USE] taxes and collect taxes,  
23 other than general sales and use taxes, that are levied in its boundaries, subject to  
24 AS 29.45.

25 (b) Taxes, other than general sales and use taxes, levied by a city shall be  
26 collected by a borough and returned in full to the levying city. [THIS SUBSECTION  
27 APPLIES TO HOME RULE AND GENERAL LAW MUNICIPALITIES.]

28 \* Sec. 8. AS 29.35.170 is amended by adding a new subsection to read:

29 (c) This section applies to home rule and general law municipalities.

30 \* Sec. 9. AS 29.45.650 is repealed and reenacted to read:

31 Sec. 29.45.650. General sales and use tax. (a) Except as provided in

1 AS 29.45.750, a borough may levy a general sales and use tax. If a borough levies a  
2 general sales and use tax,

3 (1) the borough must conform exactly to the statewide sales and use  
4 tax levied and collected under AS 43.44, except that the municipal general sales and  
5 use tax may be levied at any rate; and

6 (2) the borough's use tax is levied on the privilege of using in the  
7 borough tangible personal property or services.

8 (b) The Department of Revenue shall collect a sales and use tax levied under  
9 this section and remit the proceeds to the municipality. The Department of Revenue  
10 may use its administrative authority under AS 43.05 and its enforcement and  
11 collection authority under AS 43.10 to collect a sales and use tax levied under this  
12 section.

13 \* Sec. 10. AS 29.45 is amended by adding a new section to read:

14 Sec. 29.45.655. Specific taxes on property and services. Unless otherwise  
15 prohibited by law, a municipality may levy and collect specific sales or excise taxes on  
16 single categories of tangible or intangible property or services, such as bed taxes, car  
17 rental taxes, and fish taxes.

18 \* Sec. 11. AS 29.45.660(a) is amended to read:

19 (a) If the borough levies [AND COLLECTS] only a general sales tax and use  
20 tax, the assembly shall provide a notice substantially in the form set out in  
21 AS 29.45.020. In providing notice under this subsection, the assembly shall substitute  
22 for the millage equivalency its estimate of the equivalent sales tax rate for each of the  
23 categories of financial assistance set out in AS 29.45.020. Notice shall be provided

24 (1) by publishing in a newspaper of general circulation in the borough  
25 a copy of the notice once each week for a period of three successive weeks, with  
26 publication to occur not later than 45 days after the final adoption of the borough's  
27 budget; or

28 (2) if there is no newspaper of general circulation in the borough, by  
29 posting a copy of the notice for at least 20 days in at least two public places in the  
30 borough, with posting to occur not later than 45 days after the final adoption of the  
31 borough's budget.

1 \* **Sec. 12.** AS 29.45.660 is amended by adding a new subsection to read:

2 (c) This section applies to home rule and general law municipalities.

3 \* **Sec. 13.** AS 29.45.670 is amended to read:

4 **Sec. 29.45.670. Referendum, adoption, and modification.** A new sales and  
5 use tax or an increase in the rate of levy of a sales tax approved by ordinance does not  
6 take effect until ratified by a majority of the voters at an election. A municipality  
7 may not require that a new sales and use tax or an increase in the rate of levy of a  
8 sales tax approved by ordinance be ratified by more than 50 percent plus one of  
9 the voters voting on the issue. This section applies to home rule and general law  
10 municipalities.

11 \* **Sec. 14.** AS 29.45.700 is repealed and reenacted to read:

12 **Sec. 29.45.700. Power of levy.** A city may levy sales and use taxes in the  
13 manner provided for boroughs under AS 29.45.650 and 29.45.655.

14 \* **Sec. 15.** AS 29.45.750(b) is amended to read:

15 (b) A municipality that levies [AND COLLECTS] a sales tax on mobile  
16 telecommunications services shall do so in accordance with the provisions of 4 U.S.C.  
17 116 - 126 (Mobile Telecommunications Sourcing Act).

18 \* **Sec. 16.** AS 29.45.810(a) is amended to read:

19 (a) A party to a contract approved by the legislature as a result of submission  
20 of a proposed contract developed under AS 43.82 or as a result of acts by the  
21 legislature in implementing the purposes of AS 43.82, and the property, gas, products,  
22 and activities associated with the approved qualified project that is subject to the  
23 contract, are exempt, as specified in the contract, from all taxes identified in the  
24 contract that would be levied [AND COLLECTED] by a municipality under state law  
25 as a consequence of the participation by the party in the approved qualified project.

26 \* **Sec. 17.** AS 43 is amended by adding a new chapter to read:

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

28 **Sec. 43.44.010. Levy of sales and use tax; tax rate.** (a) A sales tax is levied  
29 on the sale, lease, or rental of tangible personal property and on the sale of services.

30 (b) A use tax is levied on the privilege of using in the state tangible personal  
31 property or services. The use tax is not levied if the sales tax levied in (a) of this

1 section has been paid, except, if the price on which the tax was calculated did not  
2 represent the value of the property or service purchased, the use tax is imposed on the  
3 difference between the price and the value.

4 (c) The rate of the sales tax is four percent of the sales price. The rate of the  
5 use tax is four percent of the purchase price.

6 (d) The maximum tax on a single sale, lease, or rental is \$60.

7 **Sec. 43.44.020. Exemptions.** The taxes levied in AS 43.44.010 apply to all  
8 sales, leases, rentals, and uses of tangible personal property and all sales and uses of  
9 services in this state except as provided in this section. Transactions described in this  
10 section must be documented on an invoice or receipt to qualify for the exemption.  
11 The tax levied under AS 43.44.010 does not apply to

12 (1) tangible personal property or services that are

13 (A) explicitly exempted from taxation under another provision  
14 of state law; or

15 (B) exempt from taxation under federal law, including sales to  
16 the federal government, and purchases made with

17 (i) food coupons, food stamps, or other types of  
18 certificates issued under 7 U.S.C. 2011 - 2036 (Food Stamp Program);  
19 and

20 (ii) food instruments, food vouchers, or other types of  
21 certificates issued under 42 U.S.C. 1786 (Special Supplemental  
22 Nutrition Program for Women, Infants, and Children);

23 (2) medical care, including

24 (A) health care services provided by a person licensed or  
25 certified to provide those services under AS 08 or a "health care facility" as  
26 that term is defined in AS 08.68.395(g);

27 (B) drugs, durable medical equipment, mobility enhancing  
28 equipment, and prosthetic devices obtained on prescription from a person  
29 licensed to prescribe those goods under AS 08 or from a health care facility, as  
30 that term is defined in AS 08.68.395(g);

31 (3) isolated or occasional sales, leases, or rentals of tangible personal

1 property or sales of services by a person who is not regularly engaged in the business  
2 of selling, leasing, or renting similar personal property or services;

3 (4) sales, leases, or rentals of tangible personal property and sales of  
4 services by or to the state or a political subdivision of the state;

5 (5) the sale of natural gas, coal, diesel fuel to be used for home  
6 heating, heating oil, water, district heat, sewer, electricity, steam, or refuse and  
7 garbage collection service;

8 (6) the sale of property for resale if

9 (A) the purchaser resells the property, by itself or in  
10 combination with other property, in the ordinary course of business; and

11 (B) the property is subject to the sales tax levied under  
12 AS 43.44.010 on resale;

13 (7) the sale of property to a purchaser engaged in the business of  
14 mining or manufacturing if the purchaser incorporates the property as an ingredient or  
15 component part of the product in the business of mining or manufacturing; for  
16 purposes of this paragraph, electrical energy or electricity used or consumed by  
17 electrolytic reduction used in the reduction or refinement of ores is considered a  
18 component part of the product;

19 (8) wages, salaries, commissions, tips, and any other form of  
20 remuneration for personal services if paid by an employer to an employee; the terms  
21 used in this section have the meanings given in 26 U.S.C. 3121 (Internal Revenue  
22 Code);

23 (9) interest;

24 (10) financial services, including

25 (A) fees for services associated with a deposit account;

26 (B) fees for purchases of cashier's checks, money orders,  
27 traveler's checks, currency, and similar products used for payment and transfer  
28 of funds;

29 (C) loan transaction pass-through charges that include sales tax;

30 (D) loan fees; and

31 (E) services related to the sale or purchase of financial

1 instruments including stocks, bonds, and securities;

2 (11) property and services used for exploration, extraction, production,  
3 refinement, or transportation of natural resources, including oil and gas, fish and other  
4 seafood, timber and other forest products, and minerals;

5 (12) transportation of passengers and tangible personal property;

6 (13) the sale, use, or lease of property held for lease.

7 **Sec. 43.44.030. Collection of sales and use tax.** (a) A seller shall add the  
8 amount of the sales tax levied by this chapter and the amount of any municipal general  
9 sales tax levied under AS 29.45 to the sales price of personal property or services  
10 subject to the tax. The tax shall be stated separately on any receipt, invoice, or other  
11 record of the transaction, except for sales from coin-operated or currency-operated  
12 machines, sales of drinks in a bar, sales on the dock, sales from street vending carts,  
13 admission fees, and other sales as determined by regulation by the department.

14 (b) Except as provided in (e) of this section, a seller shall collect the sales tax  
15 levied by this chapter and any general municipal sales tax levied under AS 29.45 from  
16 the buyer, file a return, and remit the tax collected to the department not later than 30  
17 days following the last day of the month in which the tax was collected.

18 (c) A seller remitting the sales tax collected under this chapter to the  
19 department within 30 days as required in this section may retain one percent of the  
20 amount collected to cover expenses associated with collecting and remitting the tax.

21 (d) To the fullest extent permitted under the Constitution of the United States,  
22 a person whose sales are not subject to the sales tax is required to collect the use tax  
23 from the purchaser and pay the tax collected to the department.

24 (e) A seller that collects a total of less than \$250 of taxes levied under this  
25 chapter and AS 29.45 in a month shall file a return and remit the tax not later than 30  
26 days following the last day of the month in which a total of \$250 is reached or, if the  
27 total collected in a calendar year is less than \$250, within 30 days following the last  
28 day of the calendar year.

29 (f) If a seller provides a bundle of personal property or services including both  
30 taxable and tax-exempt property and services, the seller shall collect the tax on the  
31 price of the entire bundle as stated on any receipt, invoice, or other record of the

1 transaction.

2 (g) All taxes payable under this chapter are due and payable immediately  
3 whenever a taxpayer quits business, sells, exchanges, or otherwise disposes of the  
4 business or disposes of the stock of goods. The taxpayer shall make a return and pay  
5 the taxes due within 10 days after the taxpayer quits business, sells, exchanges, or  
6 otherwise disposes of the business or disposes of the stock of goods.

7 **Sec. 43.44.035. Deduction for bad debts.** (a) A person filing a return under  
8 AS 43.44.030(b) may deduct sales found to be worthless. The bad debt may be  
9 deducted when it

10 (1) is written off as uncollectable in the person's books and records;  
11 and

12 (2) qualifies as a deduction for federal income tax purposes under 26  
13 U.S.C. (Internal Revenue Code).

14 (b) If the amount of bad debt exceeds the amount of taxable sales during the  
15 period that the bad debt is written off, a person may file a refund claim with the  
16 department.

17 (c) If a bad debt deducted under (a) of this section is subsequently collected,  
18 the person who claimed the deduction shall pay the tax levied under AS 43.44.010 on  
19 the amount collected. For purposes of this subsection, any payments made on a debt  
20 or account are applied

21 (1) first to the taxable price of the property or service and the tax  
22 levied under AS 43.44.010 on the property or service, then

23 (2) to interest, service charges, and any other charges.

24 **Sec. 43.44.040. Payment of use tax.** A user subject to the use tax shall file a  
25 return and remit the tax levied under this chapter and any municipal use tax levied  
26 under AS 29.45 to the department not later than 30 days following the last day of the  
27 month in which the taxable use occurs.

28 **Sec. 43.44.050. Accounting.** Except as provided in AS 43.44.060, the  
29 department shall deposit the proceeds of the tax levied under this chapter in the  
30 general fund of the state.

31 **Sec. 43.44.060. Relationship to municipal levies.** (a) A municipality may

1 not levy a sales and use tax except as provided in AS 04.21.010(c), AS 29.45.650,  
2 29.45.655, or 29.45.700. The department shall collect sales and use taxes levied under  
3 AS 29.45.650 or 29.45.700. A municipality may not collect a sales and use tax levied  
4 under AS 29.45.650 or 29.45.700.

5 (b) Except as provided in (c) of this section, from the total combined state and  
6 municipal sales and use taxes collected within the boundaries of a municipality, the  
7 department shall remit to the municipality the amount described under this subsection.  
8 If the rate of a sales and use tax levied by a municipality is

9 (1) less than three percent, the department shall remit the amount of  
10 the tax levied by the municipality;

11 (2) at least three percent but less than four percent, the department  
12 shall remit the amount that would have been collected in the municipality if the sales  
13 and use tax levy had been four percent;

14 (3) at least four percent but less than five percent, the department shall  
15 remit the amount that would have been collected in the municipality if the sales and  
16 use tax levy had been five percent;

17 (4) five percent or more, the department shall round up to the next  
18 whole number and remit the amount that would have been collected in the  
19 municipality if the sales and use tax levy had been that whole number; for example, if  
20 a municipality levied a sales and use tax at the rate of five percent, the department  
21 shall remit the amount that would have been collected under a six percent levy.

22 (c) In the case of a city within a borough, if both the city and the borough levy  
23 a sales and use tax, the department shall combine the city and borough tax rates to  
24 determine the amount to remit to the municipalities under (b) of this section. Of that  
25 amount, the department shall remit to the city an amount proportionate to the city's  
26 share of the combined tax rate and remit the remainder to the borough.

27 **Sec. 43.44.070. Computation of tax.** (a) The taxes levied under this chapter  
28 shall be computed on an invoice basis.

29 (b) The tax computation shall be

30 (1) carried to the third decimal place;

31 (2) rounded to a whole cent using a method that rounds up to the next

1 cent whenever the third decimal place is greater than four; and

2 (3) made according to a rounding algorithm prescribed by the  
3 department.

4 **Sec. 43.44.080. Tax credit for sales or use tax paid to another state or a**  
5 **political subdivision.** (a) A buyer liable under this chapter for use tax on tangible  
6 personal property or services is entitled to a full credit for the amount of sales or use  
7 tax paid on the tangible personal property or services to another state.

8 (b) A buyer liable under AS 29.45.650 or 29.45.700 for use tax on tangible  
9 personal property or services is entitled to a full credit for the amount of sales or use  
10 tax paid on the tangible personal property or services to a political subdivision of this  
11 or another state. In the case of a city within a borough, if both the city and the  
12 borough levy a sales and use tax, the credit for taxes paid to a political subdivision of a  
13 state shall be applied against the amount of use tax levied by the city and the borough  
14 in proportion to the respective city and borough tax rates.

15 **Sec. 43.44.090. Liability for tax.** (a) Except as provided in (c) of this  
16 section, a seller is liable for the sales tax on tangible personal property or services sold  
17 by the seller.

18 (b) A buyer is liable for the tax on tangible personal property or services sold  
19 to the buyer if the seller did not collect the tax.

20 (c) A seller that receives and accepts in good faith from a buyer a copy of the  
21 buyer's direct payment permit is not liable for the sales tax on the tangible personal  
22 property or services sold, leased, or rented to the buyer.

23 **Sec. 43.44.100. Registration.** A seller shall register with the department  
24 before making a sale, lease, or rental of tangible personal property or a sale of services  
25 that is taxable under this chapter.

26 **Sec. 43.44.110. Direct pay permit.** (a) The department may issue a direct  
27 pay permit allowing the permit holder to purchase, lease, or rent taxable goods and  
28 services without payment of tax to the seller at the time of purchase.

29 (b) The holder of a direct pay permit shall file a return and remit the tax levied  
30 under this chapter and any municipal taxes levied under AS 29.45.650 and 29.45.700  
31 to the department not later than 30 days following the last day of the month in which

1 the purchase, lease, or rental was made.

2 (c) The department may revoke a direct pay permit held by a person who fails  
3 to comply with the provisions of this chapter. The department shall provide written  
4 notice and an opportunity for a hearing on a proposed revocation. The hearing shall  
5 be conducted informally and is not subject to AS 44.62. A person aggrieved by the  
6 department's final decision to revoke a permit may appeal the decision to the superior  
7 court.

8 (d) The department may require a permit holder whose direct pay permit has  
9 been revoked to provide security in a form and amount satisfactory to the department  
10 to guarantee payment of the permit holder's tax liability under this chapter before  
11 issuing a new permit to that person.

12 **Sec. 43.44.120. Refunds and credits.** The department may credit or refund  
13 overpayments of taxes, taxes erroneously or illegally assessed or collected, penalties  
14 collected without authority, and taxes that are found unjustly assessed or excessive in  
15 amount, or otherwise wrongfully collected. The department shall set limitations,  
16 specify the manner in which claims for credits or refunds are made, and give notice of  
17 allowance or disallowance. When a refund is allowed to a taxpayer, it shall be paid  
18 out of the general fund on a warrant issued under a voucher approved by the  
19 department. If the department credits or refunds a municipal sales tax, it may collect  
20 the amount of the credit or refund from the municipality.

21 **Sec. 43.44.130. Authority to enter streamlined sales and use tax**  
22 **agreement.** (a) The department is authorized to enter into the Streamlined Sales and  
23 Use Tax Agreement with one or more states to simplify and modernize sales and use  
24 tax administration in order to substantially reduce the burden of tax compliance for all  
25 sellers and for all types of commerce. In furtherance of the Streamlined Sales and Use  
26 Tax Agreement, the department is authorized to act jointly with other states that are  
27 members of the Streamlined Sales and Use Tax Agreement to establish standards for  
28 certification of a certified service provider and certified automated system and  
29 establish performance standards for multistate sellers.

30 (b) To the extent possible, the department shall adopt regulations  
31 implementing this chapter consistent with the Streamlined Sales and Use Tax

1 Agreement.

2 (c) The department is authorized to take other actions reasonably required to  
3 implement the provisions set out in this section. Other actions authorized by this  
4 section include the joint procurement, with other member states, of goods and services  
5 in furtherance of the cooperative agreement.

6 (d) The department or the department's designee is authorized to represent this  
7 state before the other states that are signatories to the Streamlined Sales and Use Tax  
8 Agreement.

9 **Sec. 43.44.199. Definitions.** In this chapter,

10 (1) "lease or rental," regardless of whether a transaction is  
11 characterized as a lease or rental under generally accepted accounting principles, the  
12 Internal Revenue Code, AS 45.29, or other provisions of federal, state, or local law,

13 (A) means any transfer of possession or control of tangible  
14 personal property for a fixed or indeterminate term for consideration; a lease or  
15 rental may include future options to purchase or extend;

16 (B) does not include

17 (i) a transfer of possession or control of property under  
18 a security agreement or deferred payment plan that requires the transfer  
19 of title upon completion of the required payments;

20 (ii) a transfer of possession or control of property under  
21 an agreement that requires the transfer of title upon completion of  
22 required payments if payment of an option price does not exceed the  
23 greater of \$100 or one percent of the total required payments; or

24 (iii) providing tangible personal property along with an  
25 operator for a fixed or indeterminate period of time; a condition of this  
26 exclusion is that the operator is necessary for the equipment to perform  
27 as designed; for the purpose of this sub-subparagraph, an operator must  
28 do more than maintain, inspect, or set up the tangible personal property;

29 (C) includes agreements covering motor vehicles and trailers  
30 where the amount of consideration may be increased or decreased by reference  
31 to the amount realized upon sale or disposition of the property as defined in 26

1 U.S.C. 7701(h)(1);

2 (2) "manufacturing" means combining or processing components or  
3 materials, including the processing of ores in a mill, smelter, refinery, or reduction  
4 facility, to increase the value of the components or materials for sale in the ordinary  
5 course of business; "manufacturing" does not include construction;

6 (3) "purchase price" applies to the measure subject to use tax and has  
7 the same meaning as sales price;

8 (4) "sales price"

9 (A) applies to the measure subject to sales tax and means the  
10 total amount of consideration, including cash, credit, property, and services, for  
11 which personal property or services are sold, leased, or rented, valued in  
12 money, whether received in money or otherwise, without any deduction for the  
13 following:

14 (i) the seller's cost of the property sold;

15 (ii) the cost of materials used, labor or service cost,  
16 interest, losses, all costs of transportation to the seller, all taxes  
17 imposed on the seller, and any other expense of the seller;

18 (iii) charges by the seller for any services necessary to  
19 complete the sale, rental, or lease, other than delivery and installation  
20 charges;

21 (iv) delivery charges;

22 (v) installation charges;

23 (vi) the value of exempt personal property given to the  
24 purchaser where taxable and exempt personal property have been  
25 bundled together and sold, leased, or rented by the seller as a single  
26 product or piece of merchandise; and

27 (vii) credit for any trade-in;

28 (B) does not include

29 (i) discounts, including cash, term, or coupons that are  
30 not reimbursed by a third party that are allowed by a seller and taken by  
31 a purchaser on a sale;

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(ii) interest, financing, and carrying charges from credit extended on the sale of personal property or services if the amount is separately stated on the invoice, bill of sale, or similar document given to the purchaser; and

(iii) taxes legally imposed directly on a consumer that are separately stated on the invoice, bill of sale, or similar document given to the purchaser;

(5) "seller" means a person making sales, leases, or rentals of tangible personal property or services;

(6) "service" means an activity that is engaged in for another person for consideration and that is distinguished from the sale or lease of property; in determining what a service is, the intended use, principal objective, or ultimate objective of the contracting parties is irrelevant; "service" includes labor; professional services; telephone or other communications service; entertainment, including cable or pay television or other telecommunications service; the supplying of food, lodging, or other accommodations in hotels, restaurants, or elsewhere; and admission to exhibitions;

(7) "tangible personal property" means personal property that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses; "tangible personal property" includes electricity, water, gas, steam, and prewritten computer software;

(8) "tax" means the taxes levied by AS 43.44.010;

(9) "use" or "using" includes use, consumption, or storage, other than storage for resale or for use solely outside this state in the ordinary course of business.

\* **Sec. 18.** AS 43.56.030 is amended to read:

**Sec. 43.56.030. In place of other taxes.** Except for those taxes imposed under AS 43.55, the taxes levied or authorized under AS 43.56.010(b) are in place of

(1) all other ad valorem taxes or other taxes imposed by a municipality on property subject to tax under this chapter or exempted from taxation by AS 43.56.020; and

(2) all other taxes imposed by a municipality on or with respect to the

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1 property subject to tax under this chapter or exempted from taxation by AS 43.56.020,  
2 including, but not limited to,

3 (A) taxes on the retail sale or use of the property except for the  
4 retail sales tax levied under AS 29.45.650 or 29.45.700 on the first \$1,000 of  
5 each sale;

6 (B) taxes on the sale or use of gas or unrefined oil;

7 (C) taxes on the sale or use of services used in or associated  
8 with the property or in its maintenance or operation except for the sales tax  
9 levied under AS 29.45.650 or 29.45.700 on the first \$1,000 of each sale;

10 (D) taxes on or measured by gross or net income from the  
11 property, including income from the exploration for, production of, or pipeline  
12 transportation of gas or unrefined oil or property; and

13 (E) any license, excise, fee, charge or other tax on or pertaining  
14 to the property or services.

15 \* **Sec. 19.** Section 4, ch. 100, SLA 2002, as amended by sec. 9, ch. 117, SLA 2003, is  
16 repealed and reenacted to read:

17 Sec. 4. AS 29.45.650(a) is amended to read:

18 (a) A [EXCEPT AS PROVIDED IN AS 29.45.750, A] borough may levy a  
19 general sales and use tax. If a borough levies a general sales and use tax,

20 (1) the borough must conform exactly to the statewide sales and use  
21 tax levied and collected under AS 43.44, except that the municipal general sales and  
22 use tax may be levied at any rate;

23 (2) the borough's use tax is levied on the privilege of using in the  
24 borough tangible personal property or services.

25 \* **Sec. 20.** The uncodified law of the State of Alaska is amended by adding a new section to  
26 read:

27 REGULATIONS. The Department of Revenue may proceed to adopt regulations  
28 necessary to implement the provisions of this Act. The regulations take effect under AS 44.62  
29 (Administrative Procedure Act), but not before the effective date of the provision being  
30 implemented.

31 \* **Sec. 21.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 TRANSITIONAL PROVISIONS. (a) Notwithstanding AS 43.44.060(b)(1), added by  
3 sec. 17 of this Act, for one year after the effective date of sec. 17 of this Act, the department  
4 shall remit to a municipality that levies a sales and use tax at a rate of less than three percent  
5 the amount that would have been collected if the sales and use tax levy had been the actual  
6 rate plus a fraction corresponding to the actual rate divided by three.

7 (b) The use tax imposed in AS 43.44.010(b), added by sec. 17 of this Act, does not  
8 apply to the use of tangible personal property acquired before the effective date of sec. 17 of  
9 this Act.

10 (c) Services under a contract executed and paid in full before the effective date of sec.  
11 17 of this Act and performed within 12 months after the effective date of sec. 17 of this Act  
12 are exempt from the sales tax and use tax.

13 \* Sec. 22. Section 20 of this Act takes effect immediately under AS 01.10.070(c).

14 \* Sec. 23. Except as provided in sec. 22 of this Act, this Act takes effect July 1, 2005.

Adopted 3/25/04

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23-LS1051\V  
Kurtz  
3/24/04

**CS FOR SENATE BILL NO. 366( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-THIRD LEGISLATURE - SECOND SESSION**

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): SENATE FINANCE COMMITTEE BY REQUEST**

**A BILL**  
**FOR AN ACT ENTITLED**

1 **"An Act relating to the levy and collection of sales and use taxes, and to the levy,**  
2 **collection, and expenditure of municipal taxes; and providing for an effective date."**

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

4 **\* Section 1.** AS 29.05.210(b) is amended to read:

5 (b) The department shall provide assistance to each borough and unified  
6 municipality incorporated after December 31, 1985, in

7 (1) establishing the initial sales and use tax assessment [AND  
8 COLLECTION DEPARTMENT] if the borough or unified municipality has adopted a  
9 sales or use tax;

10 (2) determining the initial property tax assessment roll if the borough  
11 or unified municipality has adopted a property tax, including contracting for appraisals  
12 of property needed to complete the initial assessment.

13 **\* Sec. 2.** AS 29.10.200(41) is amended to read:

14 (41) AS 29.35.170 [AS 29.35.170(b)] (assessment and collection of

1 taxes);

2 \* **Sec. 3.** AS 29.10.200(51) is amended to read:

3 (51) AS 29.45.650 [AS 29.45.650(c), (d), (e), (f), (i), AND (j)]

4 (general sales and use tax);

5 \* **Sec. 4.** AS 29.10.200(52) is amended to read:

6 (52) AS 29.45.700 [AS 29.45.700(d) AND (e)] (general sales and use

7 tax);

8 \* **Sec. 5.** AS 29.10.200 is amended by adding new paragraphs to read:

9 (64) AS 29.35.110(a) (expenditure of borough revenues);

10 (65) AS 29.45.660 (notice of sales and use tax);

11 (66) AS 29.45.670 (referendum on adoption, and modification of sales

12 and use tax).

13 \* **Sec. 6.** AS 29.35.110(a) is amended to read:

14 (a) Borough revenues received through taxes levied [COLLECTED] on an  
15 areawide basis by the borough may be expended on general administrative costs and  
16 on areawide functions only. Borough revenues received through taxes levied  
17 [COLLECTED] on a nonareawide basis may be expended on general administrative  
18 costs and functions that render service only to the area outside all cities in the  
19 borough. This subsection applies to home rule and general law municipalities.

20 \* **Sec. 7.** AS 29.35.170 is amended to read:

21 **Sec. 29.35.170. Assessment and collection of taxes.** (a) A borough shall  
22 assess [AND COLLECT] property [, SALES, AND USE] taxes and collect taxes,  
23 other than general sales and use taxes, that are levied in its boundaries, subject to  
24 AS 29.45.

25 (b) Taxes, other than general sales and use taxes, levied by a city shall be  
26 collected by a borough and returned in full to the levying city. [THIS SUBSECTION  
27 APPLIES TO HOME RULE AND GENERAL LAW MUNICIPALITIES.]

28 \* **Sec. 8.** AS 29.35.170 is amended by adding a new subsection to read:

29 (c) This section applies to home rule and general law municipalities.

30 \* **Sec. 9.** AS 29.45.650 is repealed and reenacted to read:

31 **Sec. 29.45.650. General sales and use tax.** (a) Except as provided in

1 AS 29.45.750, a borough may levy a general sales and use tax. If a borough levies a  
2 general sales and use tax,

3 (1) the borough must conform exactly to the statewide sales and use  
4 tax levied and collected under AS 43.44, except that the municipal general sales and  
5 use tax may be levied at any rate; and

6 (2) the borough's use tax is levied on the privilege of using in the  
7 borough tangible personal property or services.

8 (b) The Department of Revenue shall collect a sales and use tax levied under  
9 this section and remit the proceeds to the municipality. The Department of Revenue  
10 may use its administrative authority under AS 43.05 and its enforcement and  
11 collection authority under AS 43.10 to collect a sales and use tax levied under this  
12 section.

13 \* Sec. 10. AS 29.45 is amended by adding a new section to read:

14 **Sec. 29.45.655. Specific taxes on property and services.** Unless otherwise  
15 prohibited by law, a municipality may levy and collect specific sales or excise taxes on  
16 single categories of tangible or intangible property or services, such as bed taxes, car  
17 rental taxes, and fish taxes.

18 \* Sec. 11. AS 29.45.660(a) is amended to read:

19 (a) If the borough levies [AND COLLECTS] only a general sales tax and use  
20 tax, the assembly shall provide a notice substantially in the form set out in  
21 AS 29.45.020. In providing notice under this subsection, the assembly shall substitute  
22 for the millage equivalency its estimate of the equivalent sales tax rate for each of the  
23 categories of financial assistance set out in AS 29.45.020. Notice shall be provided

24 (1) by publishing in a newspaper of general circulation in the borough  
25 a copy of the notice once each week for a period of three successive weeks, with  
26 publication to occur not later than 45 days after the final adoption of the borough's  
27 budget; or

28 (2) if there is no newspaper of general circulation in the borough, by  
29 posting a copy of the notice for at least 20 days in at least two public places in the  
30 borough, with posting to occur not later than 45 days after the final adoption of the  
31 borough's budget.

1 \* Sec. 12. AS 29.45.660 is amended by adding a new subsection to read:

2 (c) This section applies to home rule and general law municipalities.

3 \* Sec. 13. AS 29.45.670 is amended to read:

4 **Sec. 29.45.670. Referendum, adoption, and modification.** A new sales and  
5 use tax or an increase in the rate of levy of a sales tax approved by ordinance does not  
6 take effect until ratified by a majority of the voters at an election. A municipality  
7 may not require that a new sales and use tax or an increase in the rate of levy of a  
8 sales tax approved by ordinance be ratified by more than 50 percent plus one of  
9 the voters voting on the issue. This section applies to home rule and general law  
10 municipalities.

11 \* Sec. 14. AS 29.45.700 is repealed and reenacted to read:

12 **Sec. 29.45.700. Power of levy.** A city may levy sales and use taxes in the  
13 manner provided for boroughs under AS 29.45.650 and 29.45.655.

14 \* Sec. 15. AS 29.45.750(b) is amended to read:

15 (b) A municipality that levies [AND COLLECTS] a sales tax on mobile  
16 telecommunications services shall do so in accordance with the provisions of 4 U.S.C.  
17 116 - 126 (Mobile Telecommunications Sourcing Act).

18 \* Sec. 16. AS 29.45.810(a) is amended to read:

19 (a) A party to a contract approved by the legislature as a result of submission  
20 of a proposed contract developed under AS 43.82 or as a result of acts by the  
21 legislature in implementing the purposes of AS 43.82, and the property, gas, products,  
22 and activities associated with the approved qualified project that is subject to the  
23 contract, are exempt, as specified in the contract, from all taxes identified in the  
24 contract that would be levied [AND COLLECTED] by a municipality under state law  
25 as a consequence of the participation by the party in the approved qualified project.

26 \* Sec. 17. AS 43 is amended by adding a new chapter to read:

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

28 **Sec. 43.44.010. Levy of sales and use tax; tax rate.** (a) A sales tax is levied  
29 on the sale, lease, or rental of tangible personal property and on the sale of services.

30 (b) A use tax is levied on the privilege of using in the state tangible personal  
31 property or services. The use tax is not levied if the sales tax levied in (a) of this

1 section has been paid.

2 (c) The rate of the sales tax is four percent of the sales price. The rate of the  
3 use tax is four percent of the purchase price.

4 (d) The maximum tax on a single sale, lease, or rental is \$60.

5 **Sec. 43.44.020. Exemptions.** The tax levied under AS 43.44.010 does not  
6 apply to

7 (1) tangible personal property or services that are

8 (A) explicitly exempted from taxation under another provision  
9 of state law; or

10 (B) exempt from taxation under federal law, including sales to  
11 the federal government, and purchases made with

12 (i) food coupons, food stamps, or other types of  
13 certificates issued under 7 U.S.C. 2011 - 2036 (Food Stamp Program);  
14 and

15 (ii) food instruments, food vouchers, or other types of  
16 certificates issued under 42 U.S.C. 1786 (Special Supplemental  
17 Nutrition Program for Women, Infants, and Children);

18 (2) medical care, including

19 (A) health care services provided by a person licensed or  
20 certified to provide those services under AS 08 or a "health care facility" as  
21 that term is defined in AS 08.68.395(g);

22 (B) drugs, durable medical equipment, mobility enhancing  
23 equipment, and prosthetic devices obtained on prescription from a person  
24 licensed to prescribe those goods under AS 08 or from a health care facility, as  
25 that term is defined in AS 08.68.395(g);

26 (3) isolated or occasional sales, leases, or rentals of tangible personal  
27 property or sales of services by a person who is not regularly engaged in the business  
28 of selling, leasing, or renting similar personal property or services;

29 (4) sales, leases, or rentals of tangible personal property and sales of  
30 services by or to the state or a political subdivision of the state;

31 (5) the sale of natural gas, diesel fuel to be used for home heating,

1 heating oil, water, sewer, electricity, steam, or refuse and garbage collection service;

2 (6) the sale of property for resale if

3 (A) the purchaser resells the property, by itself or in  
4 combination with other property, in the ordinary course of business; and

5 (B) the property is subject to the sales tax levied under  
6 AS 43.44.010 on resale;

7 (7) the sale of property to a purchaser engaged in the business of  
8 mining or manufacturing if the purchaser incorporates the property as an ingredient or  
9 component part of the product in the business of mining or manufacturing; for  
10 purposes of this paragraph, electrical energy or electricity used or consumed by  
11 electrolytic reduction used in the reduction or refinement of ores is considered a  
12 component part of the product;

13 (8) wages, as that term is defined in 26 U.S.C. 3401;

14 (9) interest;

15 (10) financial services, including

16 (A) fees for services associated with a deposit account;

17 (B) fees for purchases of cashier's checks, money orders,  
18 traveler's checks, currency, and similar products used for payment and transfer  
19 of funds;

20 (C) loan transaction pass-through charges that include sales tax;

21 (D) loan fees; and

22 (E) services related to the sale or purchase of financial  
23 instruments including stocks, bonds, and securities;

24 (11) property and services used for exploration, extraction, production,  
25 refinement, or transportation of natural resources, including oil and gas, fish and other  
26 seafood, timber and other forest products, and minerals;

27 (12) transportation of passengers and tangible personal property;

28 (13) the sale, use, or lease of property held for lease.

29 **Sec. 43.44.030. Collection of sales and use tax.** (a) A seller shall add the  
30 amount of the sales tax levied by this chapter and the amount of any municipal general  
31 sales tax levied under AS 29.45 to the sales price of personal property or services

1 subject to the tax. The tax shall be stated separately on any receipt, invoice, or other  
2 record of the transaction.

3 (b) Except as provided in (e) of this section, a seller shall collect the sales tax  
4 levied by this chapter and any general municipal sales tax levied under AS 29.45 from  
5 the buyer, file a return, and remit the tax collected to the department not later than 30  
6 days following the last day of the month in which the tax was collected.

7 (c) A seller remitting the sales tax collected under this chapter to the  
8 department within 30 days as required in this section may retain one percent of the  
9 amount collected to cover expenses associated with collecting and remitting the tax.

10 (d) To the fullest extent permitted under the Constitution of the United States,  
11 a person whose sales are not subject to the sales tax is required to collect the use tax  
12 from the purchaser and pay the tax collected to the department.

13 (e) A seller that collects a total of less than \$250 of taxes levied under this  
14 chapter and AS 29.45 in a month shall file a return and remit the tax not later than 30  
15 days following the last day of the month in which a total of \$250 is reached or, if the  
16 total collected in a calendar year is less than \$250, within 30 days following the last  
17 day of the calendar year.

18 (f) If a seller provides a bundle of personal property or services including both  
19 taxable and tax-exempt property and services, the seller shall collect the tax on the  
20 price of the entire bundle as stated on any receipt, invoice, or other record of the  
21 transaction.

22 **Sec. 43.44.040. Payment of use tax.** A user subject to the use tax shall file a  
23 return and remit the tax levied under this chapter and any municipal use tax levied  
24 under AS 29.45 to the department not later than 30 days following the last day of the  
25 month in which the taxable use occurs.

26 **Sec. 43.44.050. Accounting.** Except as provided in AS 43.44.060, the  
27 department shall deposit the proceeds of the tax levied under this chapter in the  
28 general fund of the state.

29 **Sec. 43.44.060. Relationship to municipal levies.** (a) A municipality may  
30 not levy a sales and use tax except as provided in AS 04.21.010(c), AS 29.45.650,  
31 29.45.655, or 29.45.700. The department shall collect sales and use taxes levied under

1 AS 29.45.650 or 29.45.700. A municipality may not collect a sales and use tax levied  
2 under AS 29.45.650 or 29.45.700.

3 (b) Except as provided in (c) of this section, from the total combined state and  
4 municipal sales and use taxes collected within the boundaries of a municipality, the  
5 department shall remit to the municipality the amount described under this subsection.  
6 If the rate of a sales and use tax levied by a municipality is

7 (1) less than three percent, the department shall remit the amount of  
8 the tax levied by the municipality;

9 (2) at least three percent but less than four percent, the department  
10 shall remit the amount that would have been collected in the municipality if the sales  
11 and use tax levy had been four percent;

12 (3) at least four percent but less than five percent, the department shall  
13 remit the amount that would have been collected in the municipality if the sales and  
14 use tax levy had been five percent;

15 (4) five percent or more, the department shall round up to the next  
16 whole number and remit the amount that would have been collected in the  
17 municipality if the sales and use tax levy had been that whole number; for example, if  
18 a municipality levied a sales and use tax at the rate of five percent, the department  
19 shall remit the amount that would have been collected under a six percent levy.

20 (c) In the case of a city within a borough, if both the city and the borough levy  
21 a sales and use tax, the department shall combine the city and borough tax rates to  
22 determine the amount to remit to the municipalities under (b) of this section. Of that  
23 amount, the department shall remit to the city an amount proportionate to the city's  
24 share of the combined tax rate and remit the remainder to the borough.

25 **Sec. 43.44.070. Computation of tax.** (a) The taxes levied under this chapter  
26 may be computed on an item or an invoice basis.

27 (b) The tax computation shall be

28 (1) carried to the third decimal place;

29 (2) rounded to a whole cent using a method that rounds up to the next  
30 cent whenever the third decimal place is greater than four; and

31 (3) made according to a rounding algorithm prescribed by the

1 department.

2 **Sec. 43.44.080. Tax credit for sales or use tax paid to another state or a**  
3 **political subdivision.** (a) A buyer liable under this chapter for use tax on tangible  
4 personal property or services is entitled to a full credit for the amount of sales or use  
5 tax paid on the tangible personal property or services to another state.

6 (b) A buyer liable under AS 29.45.650 or 29.45.700 for use tax on tangible  
7 personal property or services is entitled to a full credit for the amount of sales or use  
8 tax paid on the tangible personal property or services to a political subdivision of this  
9 or another state. In the case of a city within a borough, if both the city and the  
10 borough levy a sales and use tax, the credit for taxes paid to a political subdivision of a  
11 state shall be applied against the amount of use tax levied by the city and the borough  
12 in proportion to the respective city and borough tax rates.

13 **Sec. 43.44.090. Liability for tax.** (a) Except as provided in (c) and (d) of this  
14 section, a seller is liable for the sales tax on tangible personal property or services sold  
15 by the seller.

16 (b) A buyer is liable for the tax on tangible personal property or services sold  
17 to the buyer if the seller did not collect the tax.

18 (c) A seller that receives and accepts in good faith from a buyer a prescription  
19 for medical care-related tangible personal property or services exempt from the tax  
20 under AS 43.44.020 is not liable for the sales tax on the tangible personal property or  
21 services prescribed.

22 (d) A seller that receives and accepts in good faith from a buyer a copy of the  
23 buyer's direct payment permit is not liable for the sales tax on the tangible personal  
24 property or services sold, leased, or rented to the buyer.

25 **Sec. 43.44.100. Registration.** A seller shall register with the department  
26 before making a sale, lease, or rental of tangible personal property or a sale of services  
27 that is taxable under this chapter.

28 **Sec. 43.44.110. Direct pay permit.** (a) The department may issue a direct  
29 pay permit allowing the permit holder to purchase, lease, or rent taxable goods and  
30 services without payment of tax to the seller at the time of purchase.

31 (b) The holder of a direct pay permit shall file a return and remit the tax levied

1 under this chapter and any municipal taxes levied under AS 29.45.650 and 29.45.700  
2 to the department not later than 30 days following the last day of the month in which  
3 the purchase, lease, or rental was made.

4 **Sec. 43.44.120. Refunds and credits.** The department may credit or refund  
5 overpayments of taxes, taxes erroneously or illegally assessed or collected, penalties  
6 collected without authority, and taxes that are found unjustly assessed or excessive in  
7 amount, or otherwise wrongfully collected. The department shall set limitations,  
8 specify the manner in which claims for credits or refunds are made, and give notice of  
9 allowance or disallowance. When a refund is allowed to a taxpayer, it shall be paid  
10 out of the general fund on a warrant issued under a voucher approved by the  
11 department.

12 **Sec. 43.44.130. Authority to enter streamlined sales and use tax**  
13 **agreement.** (a) The department is authorized to enter into the Streamlined Sales and  
14 Use Tax Agreement with one or more states to simplify and modernize sales and use  
15 tax administration in order to substantially reduce the burden of tax compliance for all  
16 sellers and for all types of commerce. In furtherance of the Streamlined Sales and Use  
17 Tax Agreement, the department is authorized to act jointly with other states that are  
18 members of the Streamlined Sales and Use Tax Agreement to establish standards for  
19 certification of a certified service provider and certified automated system and  
20 establish performance standards for multistate sellers.

21 (b) To the extent possible, the department shall adopt regulations  
22 implementing this chapter consistent with the Streamlined Sales and Use Tax  
23 Agreement.

24 (c) The department is authorized to take other actions reasonably required to  
25 implement the provisions set out in this section. Other actions authorized by this  
26 section include the joint procurement, with other member states, of goods and services  
27 in furtherance of the cooperative agreement.

28 (d) The department or the department's designee is authorized to represent this  
29 state before the other states that are signatories to the Streamlined Sales and Use Tax  
30 Agreement.

31 **Sec. 43.44.199. Definitions.** In this chapter,

1 (1) "lease or rental," regardless of whether a transaction is  
2 characterized as a lease or rental under generally accepted accounting principles, the  
3 Internal Revenue Code, AS 45.29, or other provisions of federal, state, or local law,

4 (A) means any transfer of possession or control of tangible  
5 personal property for a fixed or indeterminate term for consideration; a lease or  
6 rental may include future options to purchase or extend;

7 (B) does not include

8 (i) a transfer of possession or control of property under  
9 a security agreement or deferred payment plan that requires the transfer  
10 of title upon completion of the required payments;

11 (ii) a transfer of possession or control of property under  
12 an agreement that requires the transfer of title upon completion of  
13 required payments if payment of an option price does not exceed the  
14 greater of \$100 or one percent of the total required payments; or

15 (iii) providing tangible personal property along with an  
16 operator for a fixed or indeterminate period of time; a condition of this  
17 exclusion is that the operator is necessary for the equipment to perform  
18 as designed; for the purpose of this sub-subparagraph, an operator must  
19 do more than maintain, inspect, or set up the tangible personal property;

20 (C) includes agreements covering motor vehicles and trailers  
21 where the amount of consideration may be increased or decreased by reference  
22 to the amount realized upon sale or disposition of the property as defined in 26  
23 U.S.C. 7701(h)(1);

24 (2) "purchase price" applies to the measure subject to use tax and has  
25 the same meaning as sales price;

26 (3) "sales price"

27 (A) applies to the measure subject to sales tax and means the  
28 total amount of consideration, including cash, credit, property, and services, for  
29 which personal property or services are sold, leased, or rented, valued in  
30 money, whether received in money or otherwise, without any deduction for the  
31 following:

- 1 (i) the seller's cost of the property sold;
- 2 (ii) the cost of materials used, labor or service cost,  
3 interest, losses, all costs of transportation to the seller, all taxes  
4 imposed on the seller, and any other expense of the seller;
- 5 (iii) charges by the seller for any services necessary to  
6 complete the sale, rental, or lease, other than delivery and installation  
7 charges;
- 8 (iv) delivery charges;
- 9 (v) installation charges;
- 10 (vi) the value of exempt personal property given to the  
11 purchaser where taxable and exempt personal property have been  
12 bundled together and sold, leased, or rented by the seller as a single  
13 product or piece of merchandise; and
- 14 (vii) credit for any trade-in;
- 15 (B) does not include
- 16 (i) discounts, including cash, term, or coupons that are  
17 not reimbursed by a third party that are allowed by a seller and taken by  
18 a purchaser on a sale;
- 19 (ii) interest, financing, and carrying charges from credit  
20 extended on the sale of personal property or services if the amount is  
21 separately stated on the invoice, bill of sale, or similar document given  
22 to the purchaser; and
- 23 (iii) taxes legally imposed directly on a consumer that  
24 are separately stated on the invoice, bill of sale, or similar document  
25 given to the purchaser;
- 26 (4) "seller" means a person making sales, leases, or rentals of tangible  
27 personal property or services;
- 28 (5) "service" means an activity that is engaged in for another person  
29 for consideration and that is distinguished from the sale or lease of property; in  
30 determining what a service is, the intended use, principal objective, or ultimate  
31 objective of the contracting parties is irrelevant; "service" includes labor; professional

1 services; telephone or other communications service; entertainment, including cable or  
2 pay television or other telecommunications service; the supplying of food, lodging, or  
3 other accommodations in hotels, restaurants, or elsewhere; and admission to  
4 exhibitions;

5 (6) "tangible personal property" means personal property that can be  
6 seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to  
7 the senses; "tangible personal property" includes electricity, water, gas, steam, and  
8 prewritten computer software;

9 (7) "tax" means the taxes levied by AS 43.44.010;

10 (8) "use" or "using" includes use, consumption, or storage, other than  
11 storage for resale or for use solely outside this state in the ordinary course of business.

12 \* **Sec. 18.** AS 43.56.030 is amended to read:

13 **Sec. 43.56.030. In place of other taxes.** Except for those taxes imposed  
14 under AS 43.55, the taxes levied or authorized under AS 43.56.010(b) are in place of

15 (1) all other ad valorem taxes or other taxes imposed by a municipality  
16 on property subject to tax under this chapter or exempted from taxation by  
17 AS 43.56.020; and

18 (2) all other taxes imposed by a municipality on or with respect to the  
19 property subject to tax under this chapter or exempted from taxation by AS 43.56.020,  
20 including, but not limited to,

21 (A) taxes on the retail sale or use of the property except for the  
22 retail sales tax levied under AS 29.45.650 or 29.45.700 on the first \$1,000 of  
23 each sale;

24 (B) taxes on the sale or use of gas or unrefined oil;

25 (C) taxes on the sale or use of services used in or associated  
26 with the property or in its maintenance or operation except for the sales tax  
27 levied under AS 29.45.650 or 29.45.700 on the first \$1,000 of each sale;

28 (D) taxes on or measured by gross or net income from the  
29 property, including income from the exploration for, production of, or pipeline  
30 transportation of gas or unrefined oil or property; and

31 (E) any license, excise, fee, charge or other tax on or pertaining

1 to the property or services.

2 \* **Sec. 19.** Section 4, ch. 100, SLA 2002, as amended by sec. 9, ch. 117, SLA 2003, is  
3 repealed and reenacted to read:

4 Sec. 4. AS 29.45.650(a) is amended to read:

5 (a) A [EXCEPT AS PROVIDED IN AS 29.45.750, A] borough may levy a  
6 general sales and use tax. If a borough levies a general sales and use tax,

7 (1) the borough must conform exactly to the statewide sales and use  
8 tax levied and collected under AS 43.44, except that the municipal general sales and  
9 use tax may be levied at any rate;

10 (2) the borough's use tax is levied on the privilege of using in the  
11 borough tangible personal property or services.

12 \* **Sec. 20.** The uncodified law of the State of Alaska is amended by adding a new section to  
13 read:

14 REGULATIONS. The Department of Revenue may proceed to adopt regulations  
15 necessary to implement the provisions of this Act. The regulations take effect under AS 44.62  
16 (Administrative Procedure Act), but not before the effective date of the provision being  
17 implemented.

18 \* **Sec. 21.** The uncodified law of the State of Alaska is amended by adding a new section to  
19 read:

20 TRANSITIONAL PROVISIONS. (a) Notwithstanding AS 43.44.060(b)(1), added by  
21 sec. 17 of this Act, for one year after the effective date of sec. 17 of this Act, the department  
22 shall remit to a municipality that levies a sales and use tax at a rate of less than three percent  
23 the amount that would have been collected if the sales and use tax levy had been the actual  
24 rate plus a fraction corresponding to the actual rate divided by three.

25 (b) The use tax imposed in AS 43.44.010(b), added by sec. 17 of this Act, does not  
26 apply to the use of tangible personal property acquired before the effective date of sec. 17 of  
27 this Act.

28 (c) Services under a contract executed and paid in full before the effective date of sec.  
29 17 of this Act and performed within 12 months after the effective date of sec. 17 of this Act  
30 are exempt from the sales tax and use tax.

31 \* **Sec. 22.** Section 20 of this Act takes effect immediately under AS 01.10.070(c).

1

\* Sec. 23. Except as provided in sec. 22 of this Act, this Act takes effect July 1, 2005.

ADOPTED 3/24/04

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23-LS1051U  
Kurtz  
3/23/04

CS FOR SENATE BILL NO. 366( )

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATE FINANCE COMMITTEE BY REQUEST

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the levy and collection of sales and use taxes, to the levy, collection,  
2 and expenditure of municipal taxes; and providing for an effective date."

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

4 \* Section 1. AS 29.05.210(b) is amended to read:

5 (b) The department shall provide assistance to each borough and unified  
6 municipality incorporated after December 31, 1985, in

7 (1) establishing the initial sales and use tax assessment [AND  
8 COLLECTION DEPARTMENT] if the borough or unified municipality has adopted a  
9 sales or use tax;

10 (2) determining the initial property tax assessment roll if the borough  
11 or unified municipality has adopted a property tax, including contracting for appraisals  
12 of property needed to complete the initial assessment.

13 \* Sec. 2. AS 29.10.200(41) is amended to read:

14 (41) AS 29.35.170 [AS 29.35.170(b)] (assessment and collection of

1 taxes);

2 \* **Sec. 3.** AS 29.10.200(51) is amended to read:

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

5 \* **Sec. 4.** AS 29.10.200(52) is amended to read:

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

7 \* **Sec. 5.** AS 29.10.200 is amended by adding new paragraphs to read:

8 (64) AS 29.35.110(a) (expenditure of borough revenues);

9 (65) AS 29.45.660 (notice of sales and use tax);

10 (66) AS 29.45.670 (referendum on adoption, and modification of sales  
11 and use tax).

12 \* **Sec. 6.** AS 29.35.110(a) is amended to read:

13 (a) Borough revenues received through taxes levied [COLLECTED] on an  
14 areawide basis by the borough may be expended on general administrative costs and  
15 on areawide functions only. Borough revenues received through taxes levied  
16 [COLLECTED] on a nonareawide basis may be expended on general administrative  
17 costs and functions that render service only to the area outside all cities in the  
18 borough. This subsection applies to home rule and general law municipalities.

19 \* **Sec. 7.** AS 29.35.170 is amended to read:

20 **Sec. 29.35.170. Assessment and collection of taxes.** (a) A borough shall  
21 assess [AND COLLECT] property [, SALES, AND USE] taxes and collect taxes,  
22 other than sales and use taxes, that are levied in its boundaries, subject to AS 29.45.

23 (b) Taxes, other than sales and use taxes, levied by a city shall be collected  
24 by a borough and returned in full to the levying city. [THIS SUBSECTION APPLIES  
25 TO HOME RULE AND GENERAL LAW MUNICIPALITIES.]

26 \* **Sec. 8.** AS 29.35.170 is amended by adding a new subsection to read:

27 (c) This section applies to home rule and general law municipalities.

28 \* **Sec. 9.** AS 29.45.650 is repealed and reenacted to read:

29 **Sec. 29.45.650. Sales and use tax.** (a) Except as provided in AS 29.45.750, a  
30 borough may levy a sales and use tax. If a borough levies a sales and use tax,

31 (1) the borough must conform exactly to the statewide sales and use

1 tax levied and collected under AS 43.44, except that the municipal sales and use tax  
2 may be levied at any rate; and

3 (2) the borough's use tax is levied on the privilege of using in the  
4 borough tangible personal property or services.

5 (b) The Department of Revenue shall collect a sales and use tax levied under  
6 this section and remit the proceeds to the municipality. The Department of Revenue  
7 may use its administrative authority under AS 43.05 and its enforcement and  
8 collection authority under AS 43.10 to collect a sales and use tax levied under this  
9 section.

10 \* **Sec. 10.** AS 29.45.660(a) is amended to read:

11 (a) If the borough levies [AND COLLECTS] only a sales tax and use tax, the  
12 assembly shall provide a notice substantially in the form set out in AS 29.45.020. In  
13 providing notice under this subsection, the assembly shall substitute for the millage  
14 equivalency its estimate of the equivalent sales tax rate for each of the categories of  
15 financial assistance set out in AS 29.45.020. Notice shall be provided

16 (1) by publishing in a newspaper of general circulation in the borough  
17 a copy of the notice once each week for a period of three successive weeks, with  
18 publication to occur not later than 45 days after the final adoption of the borough's  
19 budget; or

20 (2) if there is no newspaper of general circulation in the borough, by  
21 posting a copy of the notice for at least 20 days in at least two public places in the  
22 borough, with posting to occur not later than 45 days after the final adoption of the  
23 borough's budget.

24 \* **Sec. 11.** AS 29.45.660 is amended by adding a new subsection to read:

25 (c) This section applies to home rule and general law municipalities.

26 \* **Sec. 12.** AS 29.45.670 is amended to read:

27 **Sec. 29.45.670. Referendum, adoption, and modification.** A new sales and  
28 use tax or an increase in the rate of levy of a sales tax approved by ordinance does not  
29 take effect until ratified by a majority of the voters at an election. A municipality  
30 may not require that a new sales and use tax or an increase in the rate of levy of a  
31 sales tax approved by ordinance be ratified by more than 50 percent plus one of

1 the voters voting on the issue. This section applies to home rule and general law  
2 municipalities.

3 \* **Sec. 13.** AS 29.45.700 is repealed and reenacted to read:

4 **Sec. 29.45.700. Power of levy.** A city may levy a sales and use tax in the  
5 manner provided for boroughs under AS 29.45.650.

6 \* **Sec. 14.** AS 29.45.750(b) is amended to read:

7 (b) A municipality that levies [AND COLLECTS] a sales tax on mobile  
8 telecommunications services shall do so in accordance with the provisions of 4 U.S.C.  
9 116 - 126 (Mobile Telecommunications Sourcing Act).

10 \* **Sec. 15.** AS 29.45.810(a) is amended to read:

11 (a) A party to a contract approved by the legislature as a result of submission  
12 of a proposed contract developed under AS 43.82 or as a result of acts by the  
13 legislature in implementing the purposes of AS 43.82, and the property, gas, products,  
14 and activities associated with the approved qualified project that is subject to the  
15 contract, are exempt, as specified in the contract, from all taxes identified in the  
16 contract that would be levied [AND COLLECTED] by a municipality under state law  
17 as a consequence of the participation by the party in the approved qualified project.

18 \* **Sec. 16.** AS 43 is amended by adding a new chapter to read:

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

20 **Sec. 43.44.010. Levy of sales and use tax; tax rate.** (a) A sales tax is levied  
21 on the sale, lease, or rental of tangible personal property and on the sale of services.

22 (b) A use tax is levied on the privilege of using in the state tangible personal  
23 property or services. The use tax is not levied if the sales tax levied in (a) of this  
24 section has been paid.

25 (c) The rate of the sales tax is four percent of the sales price. The rate of the  
26 use tax is four percent of the purchase price.

27 **Sec. 43.44.020. Exemptions.** The tax levied under AS 43.44.010 does not  
28 apply to

29 (1) tangible personal property or services that are

30 (A) explicitly exempted from taxation under another provision  
31 of state law; or

1 (B) exempt from taxation under federal law, including sales to  
2 the federal government, and purchases made with

3 (i) food coupons, food stamps, or other types of  
4 certificates issued under 7 U.S.C. 2011 - 2036 (Food Stamp Program);  
5 and

6 (ii) food instruments, food vouchers, or other types of  
7 certificates issued under 42 U.S.C. 1786 (Special Supplemental  
8 Nutrition Program for Women, Infants, and Children);

9 (2) medical care, including

10 (A) health care services provided by a person licensed or  
11 certified to provide those services under AS 08 or a "health care facility" as  
12 that term is defined in AS 08.68.395(g);

13 (B) drugs, durable medical equipment, mobility enhancing  
14 equipment, and prosthetic devices obtained on prescription from a person  
15 licensed to prescribe those goods under AS 08 or from a health care facility, as  
16 that term is defined in AS 08.68.395(g);

17 (3) isolated or occasional sales, leases, or rentals of tangible personal  
18 property or sales of services by a person who is not regularly engaged in the business  
19 of selling, leasing, or renting similar personal property or services;

20 (4) sales, leases, or rentals of tangible personal property and sales of  
21 services by or to the state or a political subdivision of the state;

22 (5) the sale of natural gas, diesel fuel, heating oil, water, electricity,  
23 steam, or refuse and garbage collection service;

24 (6) the sale of property for resale if

25 (A) the purchaser resells the property, by itself or in  
26 combination with other property, in the ordinary course of business; and

27 (B) the property is subject to the sales tax levied under  
28 AS 43.44.010 on resale;

29 (7) the sale of property to a purchaser engaged in the business of  
30 mining or manufacturing if the purchaser incorporates the property as an ingredient or  
31 component part of the product in the business of mining or manufacturing; for

1 purposes of this paragraph, electrical energy or electricity used or consumed by  
2 electrolytic reduction used in the reduction or refinement of ores is considered a  
3 component part of the product.

4 **Sec. 43.44.030. Collection of sales and use tax.** (a) A seller shall add the  
5 amount of the sales tax levied by this chapter and the amount of any municipal sales  
6 tax levied under AS 29.45 to the sales price of personal property or services subject to  
7 the tax. The tax shall be stated separately on any receipt, invoice, or other record of  
8 the transaction.

9 (b) A seller shall collect the sales tax levied by this chapter and any municipal  
10 sales tax levied under AS 29.45 from the buyer, file a return, and remit the tax  
11 collected to the department not later than 30 days following the last day of the month  
12 in which the tax was collected.

13 (c) A seller remitting the sales tax collected under this chapter to the  
14 department within 30 days following the last day of the month in which the tax was  
15 collected may retain one percent of the amount collected to cover expenses associated  
16 with collecting and remitting the tax.

17 (d) To the fullest extent permitted under the Constitution of the United States,  
18 a person whose sales are not subject to the sales tax is required to collect the use tax  
19 from the purchaser and pay the tax collected to the department.

20 **Sec. 43.44.040. Payment of use tax.** A user subject to the use tax shall file a  
21 return and remit the tax levied under this chapter and any municipal use tax levied  
22 under AS 29.45 to the department not later than 30 days following the last day of the  
23 month in which the taxable use occurs.

24 **Sec. 43.44.050. Accounting.** Except as provided in AS 43.44.060, the  
25 department shall deposit the proceeds of the tax levied under this chapter in the  
26 general fund of the state.

27 **Sec. 43.44.060. Relationship to municipal levies.** (a) A municipality may  
28 not levy a sales and use tax except as provided in AS 04.21.010(c), AS 29.45.650, or  
29 29.45.700. The department shall collect sales and use taxes levied under  
30 AS 29.45.650 or 29.45.700. A municipality may not collect a sales and use tax levied  
31 under AS 29.45.650 or 29.45.700.

1 (b) Except as provided in (c) of this section, from the total combined state and  
2 municipal sales and use taxes collected within the boundaries of a municipality, the  
3 department shall remit to the municipality the amount described under this subsection.  
4 If the rate of a sales and use tax levied by a municipality is

5 (1) less than three percent, the department shall remit the amount of  
6 the tax levied by the municipality;

7 (2) at least three percent but less than four percent, the department  
8 shall remit the amount that would have been collected in the municipality if the sales  
9 and use tax levy had been four percent;

10 (3) at least four percent but less than five percent, the department shall  
11 remit the amount that would have been collected in the municipality if the sales and  
12 use tax levy had been five percent;

13 (4) five percent or more, the department shall round up to the next  
14 whole number and remit the amount that would have been collected in the  
15 municipality if the sales and use tax levy had been that whole number; for example, if  
16 a municipality levied a sales and use tax at the rate of five percent, the department  
17 shall remit the amount that would have been collected under a six percent levy.

18 (c) In the case of a city within a borough, if both the city and the borough levy  
19 a sales and use tax, the department shall combine the city and borough tax rates to  
20 determine the amount to remit to the municipalities under (b) of this section. Of that  
21 amount, the department shall remit to the city an amount proportionate to the city's  
22 share of the combined tax rate and remit the remainder to the borough.

23 **Sec. 43.44.070. Computation of tax.** (a) The taxes levied under this chapter  
24 may be computed on an item or an invoice basis.

25 (b) The tax computation shall be

26 (1) carried to the third decimal place;

27 (2) rounded to a whole cent using a method that rounds up to the next  
28 cent whenever the third decimal place is greater than four; and

29 (3) made according to a rounding algorithm prescribed by the  
30 department.

31 **Sec. 43.44.080. Tax credit for sales or use tax paid to another state or a**

1           **political subdivision.** (a) A buyer liable under this chapter for use tax on tangible  
2           personal property or services is entitled to a full credit for the amount of sales or use  
3           tax paid on the tangible personal property or services to another state.

4           (b) A buyer liable under AS 29.45.650 or 29.45.700 for use tax on tangible  
5           personal property or services is entitled to a full credit for the amount of sales or use  
6           tax paid on the tangible personal property or services to a political subdivision of this  
7           or another state. In the case of a city within a borough, if both the city and the  
8           borough levy a sales and use tax, the credit for taxes paid to a political subdivision of a  
9           state shall be applied against the amount of use tax levied by the city and the borough  
10          in proportion to the respective city and borough tax rates.

11          **Sec. 43.44.090. Liability for tax.** (a) Except as provided in (c) and (d) of this  
12          section, a seller is liable for the sales tax on tangible personal property or services sold  
13          by the seller.

14          (b) A buyer is liable for the tax on tangible personal property or services sold  
15          to the buyer if the seller did not collect the tax.

16          (c) A seller that receives and accepts in good faith from a buyer a prescription  
17          for medical care-related tangible personal property or services exempt from the tax  
18          under AS 43.44.020 is not liable for the sales tax on the tangible personal property or  
19          services prescribed.

20          (d) A seller that receives and accepts in good faith from a buyer a copy of the  
21          buyer's direct payment permit is not liable for the sales tax on the tangible personal  
22          property or services sold, leased, or rented to the buyer.

23          **Sec. 43.44.100. Registration.** A seller shall register with the department  
24          before making a sale, lease, or rental of tangible personal property or a sale of services  
25          that is taxable under this chapter.

26          **Sec. 43.44.110. Direct pay permit.** (a) The department may issue a direct  
27          pay permit allowing the permit holder to purchase, lease, or rent taxable goods and  
28          services without payment of tax to the seller at the time of purchase.

29          (b) The holder of a direct pay permit shall determine the tax due under this  
30          chapter, file a return, and pay the tax directly to the department on a form and in a  
31          format prescribed by the department.

1           **Sec. 43.44.120. Refunds and credits.** The department may credit or refund  
2 overpayments of taxes, taxes erroneously or illegally assessed or collected, penalties  
3 collected without authority, and taxes that are found unjustly assessed or excessive in  
4 amount, or otherwise wrongfully collected. The department shall set limitations,  
5 specify the manner in which claims for credits or refunds are made, and give notice of  
6 allowance or disallowance. When a refund is allowed to a taxpayer, it shall be paid  
7 out of the general fund on a warrant issued under a voucher approved by the  
8 department.

9           **Sec. 43.44.130. Authority to enter streamlined sales and use tax**  
10 **agreement.** (a) The department is authorized and directed to enter into the  
11 Streamlined Sales and Use Tax Agreement with one or more states to simplify and  
12 modernize sales and use tax administration in order to substantially reduce the burden  
13 of tax compliance for all sellers and for all types of commerce. In furtherance of the  
14 Streamlined Sales and Use Tax Agreement, the department is authorized to act jointly  
15 with other states that are members of the Streamlined Sales and Use Tax Agreement to  
16 establish standards for certification of a certified service provider and certified  
17 automated system and establish performance standards for multistate sellers.

18           (b) The department shall adopt regulations implementing this chapter  
19 consistent with the Streamlined Sales and Use Tax Agreement.

20           (c) The department is authorized to take other actions reasonably required to  
21 implement the provisions set out in this section. Other actions authorized by this  
22 section include the joint procurement, with other member states, of goods and services  
23 in furtherance of the cooperative agreement.

24           (d) The department or the department's designee is authorized to represent this  
25 state before the other states that are signatories to the Streamlined Sales and Use Tax  
26 Agreement.

27           **Sec. 43.44.199. Definitions.** In this chapter,

28           (1) "lease or rental," regardless of whether a transaction is  
29 characterized as a lease or rental under generally accepted accounting principles, the  
30 Internal Revenue Code, AS 45.29, or other provisions of federal, state, or local law,

31           (A) means any transfer of possession or control of tangible

1 personal property for a fixed or indeterminate term for consideration; a lease or  
2 rental may include future options to purchase or extend;

3 (B) does not include

4 (i) a transfer of possession or control of property under  
5 a security agreement or deferred payment plan that requires the transfer  
6 of title upon completion of the required payments;

7 (ii) a transfer of possession or control of property under  
8 an agreement that requires the transfer of title upon completion of  
9 required payments if payment of an option price does not exceed the  
10 greater of \$100 or one percent of the total required payments; or

11 (iii) providing tangible personal property along with an  
12 operator for a fixed or indeterminate period of time; a condition of this  
13 exclusion is that the operator is necessary for the equipment to perform  
14 as designed; for the purpose of this sub-subparagraph, an operator must  
15 do more than maintain, inspect, or set up the tangible personal property;

16 (C) includes agreements covering motor vehicles and trailers  
17 where the amount of consideration may be increased or decreased by reference  
18 to the amount realized upon sale or disposition of the property as defined in 26  
19 U.S.C. 7701(h)(1);

20 (2) "purchase price" applies to the measure subject to use tax and has  
21 the same meaning as sales price;

22 (3) "sales price"

23 (A) applies to the measure subject to sales tax and means the  
24 total amount of consideration, including cash, credit, property, and services, for  
25 which personal property or services are sold, leased, or rented, valued in  
26 money, whether received in money or otherwise, without any deduction for the  
27 following:

28 (i) the seller's cost of the property sold;

29 (ii) the cost of materials used, labor or service cost,  
30 interest, losses, all costs of transportation to the seller, all taxes  
31 imposed on the seller, and any other expense of the seller;

1 (iii) charges by the seller for any services necessary to  
2 complete the sale, rental, or lease, other than delivery and installation  
3 charges;

4 (iv) delivery charges;

5 (v) installation charges;

6 (vi) the value of exempt personal property given to the  
7 purchaser where taxable and exempt personal property have been  
8 bundled together and sold, leased, or rented by the seller as a single  
9 product or piece of merchandise; and

10 (vii) credit for any trade-in;

11 (B) does not include

12 (i) discounts, including cash, term, or coupons that are  
13 not reimbursed by a third party that are allowed by a seller and taken by  
14 a purchaser on a sale;

15 (ii) interest, financing, and carrying charges from credit  
16 extended on the sale of personal property or services if the amount is  
17 separately stated on the invoice, bill of sale, or similar document given  
18 to the purchaser; and

19 (iii) taxes legally imposed directly on a consumer that  
20 are separately stated on the invoice, bill of sale, or similar document  
21 given to the purchaser;

22 (4) "seller" means a person making sales, leases, or rentals of tangible  
23 personal property or services;

24 (5) "service" means an activity that is engaged in for another person  
25 for consideration and that is distinguished from the sale or lease of property; in  
26 determining what a service is, the intended use, principal objective, or ultimate  
27 objective of the contracting parties is irrelevant; "service" includes

28 (A) activities performed by a person for its members or  
29 shareholders;

30 (B) construction activities and all tangible personal property  
31 that will become an ingredient or component part of a construction project; and

1 (C) labor; professional services; transportation; telephone or  
2 other communications service; entertainment, including cable, subscription, or  
3 pay television or other telecommunications service; the supplying of food,  
4 lodging, or other accommodations in hotels, restaurants, or elsewhere;  
5 admission to exhibitions; the use of a computer, computer time, a computer  
6 system, a computer program, a computer network, or any part of a computer  
7 system or network; and the supplying of equipment for use;

8 (6) "tangible personal property" means personal property that can be  
9 seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to  
10 the senses; "tangible personal property" includes electricity, water, gas, steam, and  
11 prewritten computer software;

12 (7) "tax" means the taxes levied by AS 43.44.010;

13 (8) "use" or "using" includes use, consumption, or storage, other than  
14 storage for resale or for use solely outside this state in the ordinary course of business.

15 \* Sec. 17. AS 43.56.030 is amended to read:

16 **Sec. 43.56.030. In place of other taxes.** Except for those taxes imposed  
17 under AS 43.55, the taxes levied or authorized under AS 43.56.010(b) are in place of

18 (1) all other ad valorem taxes or other taxes imposed by a municipality  
19 on property subject to tax under this chapter or exempted from taxation by  
20 AS 43.56.020; and

21 (2) all other taxes imposed by a municipality on or with respect to the  
22 property subject to tax under this chapter or exempted from taxation by AS 43.56.020,  
23 including, but not limited to,

24 (A) taxes on the retail sale or use of the property except for the  
25 retail sales tax levied under AS 29.45.650 or 29.45.700 on the first \$1,000 of  
26 each sale;

27 (B) taxes on the sale or use of gas or unrefined oil;

28 (C) taxes on the sale or use of services used in or associated  
29 with the property or in its maintenance or operation except for the sales tax  
30 levied under AS 29.45.650 or 29.45.700 on the first \$1,000 of each sale;

31 (D) taxes on or measured by gross or net income from the

1 property, including income from the exploration for, production of, or pipeline  
2 transportation of gas or unrefined oil or property; and

3 (E) any license, excise, fee, charge or other tax on or pertaining  
4 to the property or services.

5 \* Sec. 18. Section 4, ch. 100, SLA 2002, as amended by sec. 9, ch. 117, SLA 2003, is  
6 repealed and reenacted to read:

7 Sec. 4. AS 29.45.650(a) is amended to read:

8 (a) A [EXCEPT AS PROVIDED IN AS 29.45.750, A] borough may levy a  
9 sales and use tax. If a borough levies a sales and use tax,

10 (1) the borough must conform exactly to the statewide sales and use  
11 tax levied and collected under AS 43.44, except that the municipal sales and use tax  
12 may be levied at any rate;

13 (2) the borough's use tax is levied on the privilege of using in the  
14 borough tangible personal property or services.

15 \* Sec. 19. The uncodified law of the State of Alaska is amended by adding a new section to  
16 read:

17 REGULATIONS. The Department of Revenue may proceed to adopt regulations  
18 necessary to implement the provisions of this Act. The regulations take effect under AS 44.62  
19 (Administrative Procedure Act), but not before the effective date of the provision being  
20 implemented.

21 \* Sec. 20. The uncodified law of the State of Alaska is amended by adding a new section to  
22 read:

23 TRANSITION PROVISIONS. (a) A municipal sales and use tax rate ratified before  
24 the effective date of the amendments to AS 29.45.650 and 29.45.700 made in this Act remains  
25 in effect despite the amendments to AS 29.45 made by this Act. To the extent the provisions  
26 of a municipal ordinance are inconsistent with the provisions of this Act, the provisions of the  
27 municipal ordinance are superseded by this Act.

28 (b) A specific sales and use tax levied by a municipality that was in effect before the  
29 effective date of the statewide sales and use tax levied in this Act and that applies only to one  
30 group of products or services, including bed taxes and alcohol taxes, may continue in effect,  
31 notwithstanding the provisions of this Act, subject to the provisions of AS 29.45 as they

1 existed immediately before the effective date of this Act.

2 (c) The use tax imposed in AS 43.44.010(b), added by sec. 16 of this Act, does not  
3 apply to the use of tangible personal property acquired before the effective date of this Act.

4 (d) Services under a contract executed and paid in full before the effective date of sec.  
5 16 of this Act and performed within 12 months after the effective date of sec. 16 of this Act  
6 are exempt from the sales tax and use tax.

7 \* **Sec. 21.** Section 19 of this Act takes effect immediately under AS 01.10.070(c).

8 \* **Sec. 22.** Except as provided in sec. 21 of this Act, this Act takes effect July 1, 2005.

Senator Ben Stevens  
Senate Majority Leader



## Sponsor Statement

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### SB 366 – Statewide Sales and Use Tax /version 'Z'

The State of Alaska's revenue structure is heavily dependent on the production and price of oil. The production of oil in Alaska has steadily declined over the years, and with national and local environmentalists' opposition to exploration and development of oil and gas in the Arctic National Wildlife Refuge and the National Petroleum Reserve, experts predict an irreversible decline in production.

Over the last decade, the State of Alaska has closed its budget deficit by borrowing funds from the Constitutional Budget Reserve (CBR). Office of Management and Budget (OMB) forecasts predict that under current budget levels, oil production, and oil prices, the CBR will no longer have funds available to transfer to the General Fund within the next several years. OMB's forecast assumes no major rise in state expenditures and predictable oil prices. A major dip in world oil prices or major increases in the cost of education or formula-driven programs will undoubtedly turn a general fund budget deficit into a true fiscal crisis.

Unless other sources of revenue are enacted, it is only a matter of time before the Governor and the State Legislature will be forced to enact draconian taxes – which may ravage the state's economy and overburden taxpayers – or will be forced to enact draconian cuts that will devastate Alaska's schools, leave infrastructure to deteriorate, and leave the most vulnerable Alaskans out in the cold.

Recognizing the current and future budget realities, SB 366 is proposed for consideration.

SB 366 as proposed would institute a statewide 3% tax on the sale, lease, rental, or use of tangible personal property and services within the state. The tax is capped at \$60 per purchase.

Senator Ben Stevens  
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This proposal also includes a revenue sharing component for communities that currently have a local sales tax. Communities with a local sales tax at 3% or above would be remitted a portion of the state's 3% sales and use tax. A transition period for communities with less than a 3% sales and use tax is provided.

Local Sales Tax	State's Share of Sales & Use Tax	Percent of State Tax Remitted
< 3%	3%	0
3% - 4%	2% - 2.99%	.01% - 1%
4% - 5%	2% - 2.99%	.01% - 1%
5% - 6%	2% - 2.99%	.01% - 1%

In jurisdictions with two taxing authorities (i.e. Kenai Peninsula Borough and the City of Soldotna), the sales tax would be combined for the purposes of calculating the remittance of the state's share. Each taxing authority would receive a proportional amount of the state's 1% remittance.

Exemptions from the sales and use tax include:

- Government agencies
- Purchases with food stamps or WIC program benefits
- Isolated or occasional sales, leases, rents, and services
- Healthcare services by licensed providers
- Prescription drugs and medical equipment prescribed by licensed providers
- Utilities
- Sale for resale
- Goods used for the purposes of manufacturing & industrial materials
- Transportation of persons and goods
- Property and services used in the development of natural resources
- Wages, salaries, and tips
- Financial services
- Sale, lease, or rental of Real Property and construction of Real Property
- Sale, lease, or rentals made in communities with a population of less than 500.

SB 366 would streamline the administration of all sales and use taxes under the responsibility of the state, resulting in cost savings to local communities and predictable administration for businesses. This legislation allows the state to contract with local communities for field offices, thereby working with local communities in the collection of the tax.

SB 366 becomes effective July 1, 2005 and is repealed June 30, 2013.

I would appreciate your support.

Senator Ben Stevens  
 State Capitol  
 Juneau, Alaska 99801  
 907-465-4993  
 Fax: 907-465-3872

**Senator Ben Stevens**  
Senate Majority Leader



## Sponsor Statement

### **SB 366 – Statewide Sales and Use Tax**

The State of Alaska's revenue structure is heavily dependent on the production and price of oil. The production of oil in Alaska has steadily declined over the years, and with national and local environmentalists' opposition to exploration and development of oil and gas in the Arctic National Wildlife Refuge and the National Petroleum Reserve, experts predict an irreversible decline in production.

Over the last decade, the State of Alaska has closed its budget deficit by borrowing funds from the Constitutional Budget Reserve (CBR). Office of Management and Budget (OMB) forecasts predict that under current budget levels, oil production, and oil prices, the CBR will no longer have funds available to transfer to the General Fund within the next few years. OMB's forecast assumes no major rise in state expenditures and predictable oil prices. A major dip in world oil prices or major increases in the cost of education or formula-driven programs will undoubtedly turn a general fund budget deficit into a true fiscal crisis.

Unless other sources of revenue are enacted, it is only a matter of time before the Governor and the State Legislature will be forced to enact draconian taxes – which may ravage the state's economy and overburden taxpayers – or will be forced to enact draconian cuts that will devastate Alaska's schools, leave infrastructure to deteriorate, and leave the most vulnerable Alaskans out in the cold.

Recognizing the current and future budget realities, SB 366 is proposed for consideration. Furthermore, recognizing the complexities and unforeseen effects of a sales and use tax, this revenue measure is proposed as a starting point for discussion – not an end product. The effect on Alaska families, communities, businesses, and the state's budget will need further consideration.

SB 366 as proposed would institute a statewide 4% tax on the sale, lease, rental, or use of tangible personal property and services within the state.

Senator Ben Stevens  
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This proposal also includes a revenue sharing component for communities that currently have a local sales tax. Communities with a local sales tax at 3% or above would be remitted a portion of the state's 4% sales and use tax.

Local Sales Tax	State's Share of Sales & Use Tax	Percent of State Tax Remitted
< 3%	4%	0
3% - 4%	3% - 3.99%	.01% - 1%
4% - 5%	3% - 3.99%	.01% - 1%
5% - 6%	3% - 3.99%	.01% - 1%

In jurisdictions with two taxing authorities (i.e. Kenai Peninsula Borough and the City of Soldotna), the sales tax would be combined for the purposes of calculating the remittance of the state's share. Each taxing authority would receive a proportional amount of the state's 1% remittance.

Exemptions from the sales and use tax include:

- Government agencies
- Purchases with food stamps or WIC program benefits
- Isolated or occasional sales, leases, rents, and services
- Healthcare services by licensed providers
- Prescription drugs and medical equipment prescribed by licensed providers
- Sale of natural gas, water, electricity, steam, diesel fuel, heating oil, or refuse and garbage collection services
- Sale for resale
- Goods used for the purposes of manufacturing & industrial materials
- Transportation of persons and goods
- Property and services used in the development of natural resources

SB 366 would streamline the administration of all sales and use taxes under the responsibility of the state, resulting in cost savings to local communities and predictable administration for businesses.

SB 366 caps the sales tax at sixty dollars per purchase.

I would appreciate your support.

Senator Ben Stevens  
 State Capitol  
 Juneau, Alaska 99801  
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# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101


State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

March 24, 2004

**SUBJECT:** Sectional Analysis of CSSB 366( )  
(Work Order No. 23-LS1051\U)

**TO:** Senator Ben Stevens  
Attn: Phelan Straube

**FROM:** Kathryn L. Kurtz   
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

**Section 1.** Removes reference to collection of sales and use tax by municipalities to conform with changes made later in the bill.

**Section 2.** Adds AS 29.35.170(a) to the list of limitations on the powers of home rule municipalities.

**Section 3.** Changes reference to AS 29.45.650 to reflect repeal and reenactment of that section later in the bill.

**Section 4.** Changes reference to AS 29.45.700 to reflect repeal and reenactment of that section later in the bill.

**Section 5.** Adds three new sections to the list of limitations on the powers of home rule municipalities.

**Section 6.** Removes reference to collection of sales and use tax by municipalities to conform with changes made later in the bill, and makes AS 29.35.100(a) applicable to home rule municipalities.

**Section 7.** Removes authority of municipalities to collect sales and use taxes.

**Section 8.** Makes AS 29.35.170(a) applicable to home rule municipalities.

**Section 9.** Repeals and reenacts the statute authorizing boroughs to impose sales and use taxes. Permits boroughs to levy sales and use taxes only if the borough tax conforms exactly to the statewide sales and use tax, except in rate. Provides that the Department of Revenue will collect borough sales and use taxes.

**Section 10.** Removes reference to collection of sales and use tax by boroughs.

**Section 11.** Makes AS 29.45.660 applicable to home rule municipalities.

**Section 12.** Prohibits municipalities from requiring more than a majority vote to impose a sales and use tax or increase the rate of levy of a sales and use tax. Makes AS 29.45.670 applicable to home rule municipalities.

**Section 13.** Repeals and reenacts the provision authorizing cities to impose sales and use taxes; authorizes cities to impose sales and use taxes in the manner provided for boroughs.

**Section 14.** Removes reference to collection of sales and use tax by municipalities.

**Section 15.** Removes reference to collection of sales and use tax by municipalities.

**Section 16.** Creates a new statewide sales and use tax at a rate of four percent. Provides exemptions for goods and services exempt under other provisions of law, medical care, isolated or occasional sales, sales by or to the state or a political subdivision of the state, the sale of certain utility services, sales for resale, and sales to purchasers engaged in the business of mining or manufacturing where the property sold is incorporated into the mined or manufactured product.

Requires sellers to state the tax separately on any record of the transaction, to collect the tax, and to remit the tax to the department; permits sellers that timely remit the tax to the department to retain one percent of the amount collected. Requires users subject to the use tax to remit the tax within one month of the date the use occurs.

Requires the department to remit the proceeds of municipal sales and use taxes to the municipalities, plus an additional amount if the municipal levy is not a round percent.

Permits computation of the tax on an item or invoice basis, and provides rules for computation.

Provides use tax credits for sales and use taxes paid to other states or political subdivisions of this or other states.

Holds buyers and sellers liable for the tax, with certain exceptions.

Requires sellers to register with the department before making a taxable sale.

Provides for issuance to and use by buyers of direct pay permits.

Authorizes the department to give credits and refunds in case of overpayment and certain other circumstances.

Authorizes the department to enter into the Streamlined Sales and Use Tax Agreement, and to act jointly with other states that are members of that agreement to establish standards pertaining to the agreement. Requires the department to adopt regulations to implement the sales and use tax that are consistent with the Streamlined Sales and Use Tax Agreement. Authorizes the department to take other actions required to further the Streamlined Sales and Use Tax Agreement, and to represent the state before other states that have signed the agreement.

Defines terms.

**Section 17.** Conforming reference change to oil and gas tax statute.

**Section 18.** Amends conditional amendment to AS 29.45.650(a) that has not yet taken effect to correspond to changes made earlier in the bill to the existing statute.

**Section 19.** Authorizes the commissioner to adopt regulations necessary to implement the tax.

**Section 20.** Transition provisions permitting continuance of pre-existing municipal sales tax rates and specific sales and use taxes, and specifying that use taxes do not apply to personal property acquired before the effective date of the Act.

**Section 21.** Provides an immediate effective date for the provision authorizing the Department of Revenue to adopt regulations.

**Section 22.** Provides an effective date of July 1, 2005, for the remainder of the bill.

# Alaska Community Database Custom Data Queries

State of Alaska > DCED > Community Advocacy > Community Database Online > Custom Data Queries > Results



Department of  
Community and  
Economic Development

## Quick Link

- Local Government
- Local Boundary
- Rural Utility Bus
- Alaska Coastal
- Land Management
- State Assessor
- Floodplain Management
- VISTA Program
- Division Grants
- Small Business
- Office of Fisheries
- Community Development
- Alaska Regional Development Office

## Of Interest

- Alaska Economic
- Alaska Community
- RAPIDS Capital
- Economic Development Guide
- Publications
- Related Links
- Local Government
- Calendar of Events
- Funding Summary
- Community Fund

COMMUNITY	PROPERTY TAX	SALES TAX	SPECIAL TAXES
Adak	None	3%	\$.02/gallon Fuel Transfer Tax
Afognak	9.25 mills (Borough)	None	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Akhiok	9.25 mills (Borough)	None	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Akiachak	N/A	No taxing authority	N/A
Akiak	None	None	None
Akutan	None	None	1% Raw Fish Tax (City); 2% Raw Fish Tax (Borough)
Alakanuk	None	4%	None
Alatna	N/A	No taxing authority	N/A
Alcan Border	N/A	No taxing authority	N/A
Aleknagik	None	5%	5% Accommodations Tax
Aleneva	9.25 mills (Borough)	None	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Aleutians East Borough	None	None	2% Raw Fish Tax
Allakaket	None	None	None
Alpine	18.5 mills (Borough)	None	None
Ambler	None	3%	None
Anaktuvuk Pass	18.5 mills (Borough)	None	None
Anchor Point	6.5 mills (Borough)	2% (Borough)	None
Anchorage	16.37 mills (avg. of 44 service areas)	None	8% Bed; 8% Rental Car; 15% Tobacco
Anderson	None	None	8% Utility Tax (City); 7% Accommodation Tax (Borough); Severance \$.05/Yard (Borough)
Andreafsky	None (St. Mary's)	3% (St. Mary's)	None (St. Mary's)

Angoon	None	3%	3% Accommodations Tax
Aniak	None	2%	None
Anvik	None	None	None
Arctic Village	N/A	No taxing authority	N/A
Atka	None	None	2% Raw Fish Tax; 10% Accommodations Tax
Atmautluak	N/A	No taxing authority	N/A
Atkasuk	18.5 mills (Borough)	None	None
Attu Station	N/A	No taxing authority	N/A
Barrow	18.5 mills (Borough)	None	None
Bear Creek	6.5 mills (Borough)	2% (Borough)	None
Beaver	N/A	No taxing authority	N/A
Belkofski	None	None	2% Raw Fish Tax (Borough)
Beluga	6.5 mills (Borough)	2% (Borough)	None
Bethel	None	5%	5% Alcohol Tax; 3% Hotel/B&I Tax; 6% Gaming Tax; Fuel Tax; Vehicle Registration Tax
Bettles	None	None	\$.02/Gallon Fuel Transfer Tax
Big Delta	N/A	No taxing authority	N/A
Big Lake	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Bill Moore's Slough	N/A	No taxing authority	N/A
Birch Creek	N/A	No taxing authority	N/A
Brevig Mission	None	3%	None
Bristol Bay Borough	13.0 mills	None	3% Raw Fish Tax; 10% Accommodations Tax May-Oct.
Buckland	None	2%	None
Buffalo Soapstone	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Butte	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Cantwell	None	None	7% Accommodations Tax; Severance Tax \$.05/Yard (all Borough)
Central	N/A	No taxing authority	N/A
		No taxing authority	

Chalkyitsik	N/A	authority	N/A
Chase			
Chefornak	None	2%	None
Cheneg Bay	N/A	No taxing authority	N/A
Chevak	None	3%	None
Chickaloon	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Chicken	N/A	No taxing authority	N/A
Chignik	None	None	1% Salmon/2% Other Seafood Landing Tax (City); 2% Raw Fish Tax (Borough)
Chignik Lagoon	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Chignik Lake	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Chiniak	9.25 mills (Borough)	None	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Chisana	N/A	No taxing authority	N/A
Chistochina	N/A	No taxing authority	N/A
Chitina	N/A	No taxing authority	N/A
Chuathbaluk	None	None	None
Chuloonawick	N/A	No taxing authority	N/A
Circle	N/A	No taxing authority	N/A
Central	N/A	No taxing authority	N/A
Clam Gulch	6.5 mills (Borough)	2% (Borough)	None
Clark's Point	None	5%	None
Coffman Cove	None	None	None
Cohoe	6.5 mills (Borough)	2% (Borough)	None
Cold Bay	None	None	\$.04/gallon Fuel Transfer Tax; 10% Accommodations Tax; 2% Raw Fish Tax (Borough)
Coldfoot	N/A	No taxing authority	N/A
College	15.403 mills (Borough)	None	8% Accommodations Tax (Borough); 5% Liquor Tax (Borough)
	6.5 mills		

Cooper Landing	(Borough)	2% (Borough)	None
Copper Center	N/A	No taxing authority	N/A
Copperville	N/A	No taxing authority	N/A
Cordova	12.5 to 13.5 mills	6%	6% Accommodations Tax; 6% Car Rental Tax
Council	N/A	No taxing authority	N/A
Covenant Life	6.56 mills (Borough)	1.5% (Borough)	4% Bed Tax (Borough)
Craig	6.0 mills	5%	6% Liquor Tax
Crooked Creek	N/A	No taxing authority	N/A
Crown Point	6.5 mills (Borough)	2% (Borough)	None
Cube Cove	N/A	No taxing authority	N/A
Prudhoe Bay	18.5 mills (Borough)	None	None
Deering	None	3%	None
Delta Junction	None	None	None
Deltana	N/A	No taxing authority	N/A
Denali Borough	None	None	7% Accommodations Tax; Severance Tax \$.05/Yard
Diamond Ridge	6.5 mills (Borough)	2% (Borough)	None
Dillingham	11.0 mills	6%	10% Liquor Tax; 6% Gaming Tax; 10% Accommodations Tax
Diomedes	None	3%	None
Dot Lake	N/A	No taxing authority	N/A
Dot Lake Village	N/A	No taxing authority	N/A
Douglas	11.47 mills (Borough)	5%	7% Accommodations Tax; 3% Liquor Tax; 6% Tobacco Tax (all Borough)
Dry Creek	N/A	No taxing authority	N/A
Unalaska	11.78 mills	3%	5% Accommodations Tax; 2% Raw Fish Tax
Eagle	None	None	None
Eagle River-Chuglak	17.17 mills (Borough)	None	8% Bed; 8% Rental Car; 15% Tobacco (all Borough)
Eagle Village	N/A	No taxing authority	N/A
Edna Bay	N/A	No taxing authority	N/A

<b>Eek</b>	None	2%	None
<b>Egegik</b>	None	None	2% Raw Fish Tax (City); 2% Raw Fish Tax (Borough); 6% Accommodations Tax (Borough)
<b>Eielson AFB</b>	15.403 mills (Borough)	None	8% Accommodations Tax (Borough); 5% Liquor Tax (Borough)
<b>Eklutna</b>	17.17 mills (Borough)	None	8% Bed; 8% Rental Car; 15% Tobacco (all Borough)
<b>Ekuk</b>	N/A	No taxing authority	N/A
<b>Ekwok</b>	None	None	None
<b>Elfin Cove</b>	N/A	No taxing authority	N/A
<b>Elim</b>	None	2%	None
<b>Emmonak</b>	None	3%	Raw Fish Tax
<b>Ester</b>	15.403 mills (Borough)	None	8% Accommodations Tax (Borough); 5% Liquor Tax (Borough)
<b>Evansville</b>	N/A	No taxing authority	N/A
<b>Excursion Inlet</b>	6.56 mills (Borough)	1.5% (Borough)	None
<b>Eyak</b>	13.25 mills (Cordova)	None (Cordova)	None (Cordova)
<b>Fairbanks</b>	6.511 mills (City); 15.403 mills (Borough)	None	10% Liquor (5% City/5% Borough); 8% Tobacco (City); 8% Accommodations (Borough)
<b>Fairbanks North Star Borough</b>	15.403 mills (not including 122 service areas)	None	8% Accommodations Tax; 5% Liquor Tax
<b>False Pass</b>	None	2%	2% Raw Fish Tax (City); 2% Raw Fish Tax (Borough)
<b>Farm Loop</b>	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
<b>Ferry</b>	None	None	7% Accommodations Tax; Severance Tax \$.05/Yard (all Borough)
<b>Fishhook</b>	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
<b>Flat</b>	N/A	No taxing authority	N/A
<b>Fort Greely</b>	N/A	No taxing authority	N/A
<b>Fort Yukon</b>	None	3%	None
<b>Four Mile Road</b>	N/A	No taxing authority	N/A
<b>Fox</b>	15.403 mills	None	8% Accommodations Tax (Borough); 5% Liquor Tax

	(Borough)		(Borough)
Fox River	6.5 mills (Borough)	2% (Borough)	None
Fritz Creek	6.5 mills (Borough)	2% (Borough)	None
Funny River	6.5 mills (Borough)	2% (Borough)	None
Gakona	N/A	No taxing authority	N/A
Galena	None	3%	None
Gambell	None	3%	None
Game Creek	N/A	No taxing authority	N/A
Gateway	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Georgetown	N/A	No taxing authority	N/A
Girdwood	17.17 mills (Borough)	None	8% Bed; 8% Rental Car; 15% Tobacco (all Borough)
Glacier View	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Glennalien	N/A	No taxing authority	N/A
Golovin	None	None	None
Goodnews Bay	None	None	None
Grayling	None	None	None
Guikana	N/A	No taxing authority	N/A
Gustavus	N/A	No taxing authority	N/A
Haines	12.08 mills (Borough)	5.5% (Borough)	4% Bed Tax (Borough)
Haines Borough	6.56 mills (12.08 mills in Haines)	1.5% (5.5% in Haines)	4% Bed Tax
Halibut Cove	6.5 mills (Borough)	2% (Borough)	None
Hamilton	N/A	No taxing authority	N/A
Happy Valley	6.5 mills (Borough)	2% (Borough)	None
Harding-Birch Lakes	15.403 mills (Borough)	None	8% Accommodations Tax (Borough); 5% Liquor Tax (Borough)
Healy	None	None	7% Accommodations Tax; Severance Tax \$.05/Yard (all Borough)
Healy Lake	N/A	No taxing authority	N/A
Hobart Bay	N/A	No taxing authority	N/A

Hollis	N/A	No taxing authority	N/A
Holy Cross	None	None	None
Homer	5.0 mills (City); 6.5 mills (Borough)	3.5% (City); 2% (Borough)	None
Hoonah	None	5%	None
Hooper Bay	None	4%	None
Hope	6.5 mills (Borough)	2% (Borough)	None
Houston	2.557 mills (City); 11.483 mills (Borough)	2%	5% Accommodations Tax (Borough)
Hughes	None	None	None
Huslia	None	None	None
Hydaburg	None	4%	None
Hyder	N/A	No taxing authority	N/A
Igiugig	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Iliamna	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Ivanof Bay	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Jakolof Bay	6.5 mills (Borough)	2% (Borough)	None
Juneau	11.47 mills (3 service areas)	5%	7% Bed; 3% Liquor; 6% Tobacco; \$5/Marine Passenger
Kachemak	1.0 mill (City); 6.5 mills (Borough)	2% (Borough)	None
Kaguyak	9.25 mills (Borough)	None	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Kake	None	5%	None
Kaktovik	18.5 mills (Borough)	None	None
Kalifornsky	6.5 mills (Borough)	2% (Borough)	None
Kaltag	None	None	None
Kanatak	9.25 mills (Borough)	None	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Karluk	9.25 mills (Borough)	None	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Kasaan	None	None	None

Kasigluk	N/A	No taxing authority	N/A
Kasilof	6.5 mills (Borough)	2% (Borough)	None
Kenai	5.0 mills (City); 7.5 mills (Borough)	3% (City); 2% (Borough)	None
Kenai Peninsula Borough	6.5 mills (15 service areas)	2%	None
Kenny Lake	N/A	No taxing authority	N/A
Ketchikan	5.35 mills (City); 8.0 mills (Borough)	3.5% (City); 2% (Borough)	6% Accommodations Tax (City/Borough)
Ketchikan Gateway Borough	8.0 mills (10 service areas)	2%	4% Accommodations Tax
Kiana	None	2%	None
King Cove	None	3%	2% Raw Fish Tax (City); 2% Raw Fish Tax (Borough)
King Island	N/A	No taxing authority	N/A
King Salmon	13.0 mills (Borough)	None	3% Raw Fish Tax; 10% Accommodations Tax May-Oct. (all Borough)
Kipnuk	N/A	No taxing authority	N/A
Kivalina	None	2%	None
Klawock	None	5.5%	None
Klukwan	N/A	No taxing authority	N/A
Knik-Fairview	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Knik River	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Kobuk	None	None	None
Kodiak	2.0 mills (City); 9.25 mills (Borough)	6% (max. \$30 per transaction)	5% Accommodations Tax (City/Borough)
Kodiak Island Borough	9.25 mills (8 service areas)	None	5% Accommodations Tax; 0.925% Severance Tax
Kodiak Station	9.25 mills (Borough)	None	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Kokhanok	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Koliganek	N/A	No taxing authority	N/A
Kongiganak	N/A	No taxing authority	N/A

Kotlik	None	3%	None
Kotzebue	None	6%	6% Accommodations Tax; 6% Liquor Tax
Koyuk	None	2%	None
Koyukuk	None	None	None
Kupreanof	None	None	None
Kwethluk	None	5%	None
Kwigillingok	N/A	No taxing authority	N/A
Lake & Peninsula Borough	None	None	2% Raw Fish Tax; 6% Accommodations Tax
Lake Louise	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Lake Minchumina	N/A	No taxing authority	N/A
Lakes	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Larsen Bay	9.25 mills (Borough)	3%	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Lazy Mountain	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Levelock	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Lime Village	N/A	No taxing authority	N/A
Livengood	N/A	No taxing authority	N/A
Lowell Point	6.5 mills (Borough)	2% (Borough)	None
Lower Kalskag	None	None	None
Lutak	6.56 mills (Borough)	1.5% (Borough)	4% Bed Tax (Borough)
Manley Hot Springs	N/A	No taxing authority	N/A
Manokotak	None	2%	None
Marshall	None	4%	None
Mary's Igloo	N/A	No taxing authority	N/A
Matanuska-Susitna Borough	11.483 mills (27 service areas)	None	5% Accommodations Tax
McCarthy	N/A	No taxing authority	N/A
McGrath	None	None	10% Accommodations Tax
McKinley Park	None	None	7% Accommodations Tax; Severance Tax \$.05/Yard (all Borough)

Meadow Lakes	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Mekoryuk	None	2%	None
Mendeltna	N/A	No taxing authority	N/A
Mentasta Lake	N/A	No taxing authority	N/A
Metlakatla	N/A	No taxing authority	N/A
Meyers Chuck	N/A	No taxing authority	N/A
Miller Landing	6.5 mills (Borough)	2% (Borough)	None
Minto	N/A	No taxing authority	N/A
Moose Creek	15.403 mills (Borough)	None	8% Accommodations Tax (Borough); 5% Liquor Tax (Borough)
Moose Pass	6.5 mills (Borough)	2% (Borough)	None
Mosquito Lake	6.56 mills (Borough)	1.5% (Borough)	4% Bed Tax (Borough)
Mountain Village	None	3%	None
Mud Bay	6.56 mills (Borough)	1.5% (Borough)	4% Bed Tax (Borough)
Naknek	13.0 mills (Borough)	None	3% Raw Fish Tax; 10% Accommodations Tax May- Oct. (all Borough)
Nanwalek	6.5 mills (Borough)	2% (Borough)	None
Napaimute	N/A	No taxing authority	N/A
Napakiak	None	3%	None
Napaskiak	None	None	None
Naukati Bay	N/A	No taxing authority	N/A
Nelchlna	N/A	No taxing authority	N/A
Nelson Lagoon	None	None	2% Raw Fish Tax (Borough)
Nenana	12.0 mills	4%	None
New Allakaket	N/A	No taxing authority	N/A
New Stuyahok	None	None	None
Newhalen	None	2%	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Newtok	N/A	No taxing authority	N/A
Nightmute	None	2%	None

Nikiski	6.5 mills (Borough)	2% (Borough)	None
Nikolaevsk	6.5 mills (Borough)	2% (Borough)	None
Nikolai	None	None	None
Nikolski	N/A	No taxing authority	N/A
Ninilchik	6.5 mills (Borough)	2% (Borough)	None
Noatak	None	None	None
Nome	13.0 mills	5%	4% Accommodations Tax
Nondalton	None	3%	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Noorvik	None	3%	None
North Pole	3.0 mills (City); 15.403 mills (Borough)	3%	8% Accommodations Tax (Borough); 5% Liquor Tax (Borough)
North Slope Borough	18.5 mills (areawide)	None	None
Northway	N/A	No taxing authority	N/A
Northway Junction	N/A	No taxing authority	N/A
Northway Village	N/A	No taxing authority	N/A
Northwest Arctic Borough	None	None	None
Nuiqsut	18.5 mills (Borough)	None	None
Nulato	None	None	None
Nunam Iqua	None	2%	None
Nunapitchuk	None	3%	None
Ohogamiut	N/A	No taxing authority	N/A
Old Harbor	9.25 mills (Borough)	3%	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Oscarville	N/A	No taxing authority	N/A
Ouzinkie	9.25 mills (Borough)	3%	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Paimiut	N/A	No taxing authority	N/A
Palmer	2.557 mills (City); 11.483 mills (Borough)	3%	5% Accommodations Tax (Borough)
Pauloff Harbor	None	None	2% Raw Fish Tax (Borough)
		No taxing	

<b>Paxson</b>	N/A	authority	N/A
<b>Pedro Bay</b>	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
<b>Pelican</b>	6.0 mills	4%	10% Accommodations Tax
<b>Perryville</b>	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
<b>Petersburg</b>	10.17 mills	6%	4% Accommodations Tax
<b>Petersville</b>	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
<b>Pilot Point</b>	None	None	3% Raw Fish Tax (City); 2% Raw Fish Tax (Borough); 6% Accommodations Tax (Borough)
<b>Pilot Station</b>	None	4%	None
<b>Pitka's Point</b>	N/A	No taxing authority	N/A
<b>Platinum</b>	None	None	None
<b>Pleasant Valley</b>	15.403 mills (Borough)	None	8% Accommodations Tax (Borough); 5% Liquor Tax (Borough)
<b>Point Baker</b>	N/A	No taxing authority	N/A
<b>Point Hope</b>	10.5 mills (Borough)	None	None
<b>Point Lay</b>	18.5 mills (Borough)	None	None
<b>Point MacKenzie</b>	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
<b>Pope-Vannoy Landing</b>	None	None	None
<b>Port Alexander</b>	None	4%	6% Accommodations Tax
<b>Port Alsworth</b>	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
<b>Port Clarence</b>	N/A	No taxing authority	N/A
<b>Port Graham</b>	6.5 mills (Borough)	2% (Borough)	None
<b>Port Heiden</b>	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
<b>Port Lions</b>	9.25 mills (Borough)	None	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
<b>Port Protection</b>	N/A	No taxing authority	N/A
<b>Port William</b>	9.25 mills (Borough)	None	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)

Portage Creek	N/A	No taxing authority	N/A
Primrose	6.5 mills (Borough)	2% (Borough)	None
Prudhoe Bay	18.5 mills (Borough)	None	None
Quinhagak	None	3%	None
Rampart	N/A	No taxing authority	N/A
Red Devil	N/A	No taxing authority	N/A
Red Dog Mine	None	None	None
Ridgeway	6.5 mills (Borough)	2% (Borough)	None
Ruby	None	None	None
Russian Mission	None	None	None
Saint George	None	None	3% Fish & Marine Products Tax; \$.03/gallon Fuel Transfer Tax
Saint Mary's	None	3%	None
Saint Michael	None	4%	None
Saint Paul	None	3%	None
Salamatof	6.5 mills (Borough)	2% (Borough)	None
Salcha	15.403 mills (Borough)	None	8% Accommodations Tax (Borough); 5% Liquor Tax (Borough)
Sand Point	None	3%	2% Raw Fish Tax (City); 2% Raw Fish Tax (Borough)
Savoonga	None	3%	None
Saxman	6.8 mills (Borough)	3.5% (City); 2% (Borough)	4% Accommodations Tax (Borough)
Scammon Bay	None	2%	None
Selawik	None	3%	None
Seldovia	7.35 mills (City); 6.5 mills (Borough)	2%-4.5% (City); 2% (Borough)	None
Seldovia Village	6.25 mills (Borough)	2% (Borough)	None
Seward	3.22 mills (City); 6.5 mills (Borough)	1% (City); 2% (Borough)	4% Accommodations Tax
Shageluk	None	None	None
Shaktolik	None	2%	None
Nunam Iqua	None	2%	None
Shemya Station	N/A	No taxing authority	N/A
Shishmaref	None	2%	None

Shungnak	None	2%	None
Silver Springs	N/A	No taxing authority	N/A
Sitka	6.0 mills	5% Oct-March; 6% Apr-Sept	6% Accommodations Tax; 2 cents/gal. Fuel Tax
Skagway	8.27 mills	4%	8% Accommodations Tax
Skwentna	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Slana	N/A	No taxing authority	N/A
Sleetmute	N/A	No taxing authority	N/A
Soldotna	4.75 mills (City); 6.5 mills (Borough)	3% (City); 2% (Borough)	None
Solomon	N/A	No taxing authority	N/A
South Naknek	13.0 mills (Borough)	None	3% Raw Fish Tax; 10% Accommodations Tax May-Oct. (all Borough)
Stebbins	None	3%	None
Sterling	6.5 mills (Borough)	2% (Borough)	None
Stevens Village	N/A	No taxing authority	N/A
Stony River	N/A	No taxing authority	N/A
Sunrise	6.5 mills (Borough)	2% (Borough)	None
Susitna	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Sutton-Alpine	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Takotna	N/A	No taxing authority	N/A
Talkeetna	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Tanacross	N/A	No taxing authority	N/A
Tanaina	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Tanana	None	2%	None
Tatitlek	N/A	No taxing authority	N/A
Tazlina	N/A	No taxing authority	N/A
Telida	N/A	No taxing authority	N/A
Teller	None	3%	None
Tenakee Springs	None	1%	6% Accommodations Tax

Tetlin	N/A	No taxing authority	N/A
Thom's Place	N/A	No taxing authority	N/A
Thorne Bay	None	5%	None
Togiak	None	2%	2% Raw Fish Tax
Tok	N/A	No taxing authority	N/A
Toksook Bay	None	2%	None
Tolsona	N/A	No taxing authority	N/A
Tonsina	N/A	No taxing authority	N/A
Trapper Creek	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Tuluksak	N/A	No taxing authority	N/A
Tuntutuliak	N/A	No taxing authority	N/A
Tununak	N/A	No taxing authority	N/A
Twin Hills	N/A	No taxing authority	N/A
Two Rivers	15.403 mills (Borough)	None	8% Accommodations Tax (Borough); 5% Liquor Tax (Borough)
Tyonek	6.5 mills (Borough)	2% (Borough)	None
Uganik			
Ugashik	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Umkumiute	N/A	No taxing authority	N/A
Unalakleet	None	5%	5% Accommodations Tax; Alcohol Tax
Unalaska	11.78 mills	3%	5% Accommodations Tax; 2% Raw Fish Tax
Unga	None	None	2% Raw Fish Tax (Borough)
Upper Kalskag	None	None	None
Valdez	20.0 mills	None	6% Accommodations Tax
Venetie	N/A	No taxing authority	N/A
Wainwright	18.5 mills (Borough)	3%	None
Wales	None	2%	None
Wasilla	0.5 mills (City); 11.483 mills (Borough)	2.5%	5% Accommodations Tax (Borough)

Whale Pass	N/A	No taxing authority	N/A
White Mountain	None	1%	None
Whitestone Logging Camp	N/A	No taxing authority	N/A
Whittier	5.0 mills	3% April - Sept.	None
Willow	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Willow Creek	N/A	No taxing authority	N/A
Wiseman	N/A	No taxing authority	N/A
Woody Island	9.25 mills (Borough)	None	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Womens Bay	9.25 mills (Borough)	None	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Wrangell	12.0 mills	7%	\$4/Night Accommodations Tax
Y	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Yakutat	9.0 mills	4%	1% Salmon; 8% Bed; 8% Car Rental

A MS Excel version of this table has been e-mailed to:

**[phelan\\_straube@legis.state.ak.us](mailto:phelan_straube@legis.state.ak.us)**

If this is not the correct spelling for your e-mail address, please click your browser's back button, make corrections, and re-submit.

Services Webmaster

Appendix B. State Sales Tax Rates as of January 1, 2003				
State/Jurisdiction	Tax Rates	Exceptions		
		Food	Prescription Drugs	Non-Prescription Drugs
Alabama	4¢		✓	
Alaska	None			
Arizona	5.6	✓	✓	
Arkansas	5.125		✓	
California (3)	7.25 (2)	✓	✓	
Colorado	2.9	✓	✓	
Connecticut	6	✓	✓	✓
Delaware	None			
Florida	6	✓	✓	✓
Georgia	4	✓	✓	
Hawaii	4		✓	
Idaho	5		✓	
Illinois (2)	6.25	1%	1%	1%
Indiana	6	✓	✓	
Iowa	5	✓	✓	
Kansas (6)	5.3		✓	
Kentucky	6	✓	✓	
Louisiana	4	2% (4)	✓	
Maine	5	✓	✓	
Maryland	5	✓	✓	✓
Massachusetts	5	✓	✓	
Michigan	6	✓	✓	
Minnesota	6.5	✓	✓	✓
Mississippi	7		✓	
Missouri	4.225	1.225	✓	
Montana	None			
Nebraska (7)	5.5	✓	✓	
Nevada	6.5	✓	✓	
New Hampshire	None			
New Jersey	6	✓	✓	✓
New Mexico	5		✓	
New York	4¢	✓	✓	✓
North Carolina	4.5	✓ (4)	✓	
North Dakota	5	✓	✓	
Ohio	5	✓	✓	
Oklahoma	4.5		✓	
Oregon	None			
Pennsylvania	6	✓	✓	✓
Rhode Island	7	✓	✓	✓
South Carolina	5		✓	
South Dakota	4		✓	
Tennessee	7	6%	✓	
Texas	6.25	✓	✓	✓

Appendix B. State Sales Tax Rates as of January 1, 2003 (continued)				
State/Jurisdiction	Tax Rates	Exceptions		
		Food	Prescription Drugs	Non-Prescription Drugs
Utah	4.75¢		✓	
Vermont	5	✓	✓	✓
Virginia	4.5 (2)	4.0% (5)	✓	✓
Washington	6.5	✓	✓	
West Virginia	6		✓	
Wisconsin	5	✓	✓	
Wyoming (3)	4		✓	
District of Columbia	5.75	✓	✓	✓
Puerto Rico	Jewelry 5% Room Tax 9% Hotel with Casino 11%			

**Key:**  
✓ = Indicates exempt from tax, blank indicates subject to general sales tax rate.

**Notes:**

1. Some states tax food, but allow an (income) tax credit to compensate poor households. They are Idaho, Kansas, South Dakota and Wyoming.
2. Includes statewide local tax of 1.25% in California and 1% in Virginia.
3. Tax rate may be adjusted annually, according to a formula based on balances in the unappropriated general fund and the school foundation fund.
4. Food sales are subject to local sales taxes. In Louisiana, food sales scheduled to be exempt on July 1, 2003.
5. Tax rate on food is scheduled to decrease to 3.5% on April 1, 2003. Statewide local tax is included.
6. Tax rate is scheduled to decrease to 5.2% on July 1, 2003.
7. Tax rate is scheduled to decrease to 5% on Oct. 1, 2003.

**Source:** Compiled by the Federation of Tax Administrators from various sources, 2003. (For future updates, this information is available at [www.taxadmin.org](http://www.taxadmin.org).)

**Property, Sales and Special Tax Rates in  
Alaska Communities and Boroughs**

COMMUNITY/BOROUGH	BOROUGH	PROPERTY TAX	SALES TAX	SPECIAL TAXES
Adak	Unorganized	None	3%	\$0.02/gallon Fuel Transfer Tax
Akhlok	Kodiak Island Borough	9.25 mills (Borough)	None	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Akiachak	Unorganized	N/A	No taxing authority	N/A
Akiak	Unorganized	None	None	None
Akutan	Aleutians East Borough	None	None	1% Raw Fish Tax (City); 2% Raw Fish Tax (Borough)
Alakanuk	Unorganized	None	4%	None
Alatna	Unorganized	N/A	No taxing authority	N/A
Alcan Bordor	Unorganized	N/A	No taxing authority	N/A
Aleknagik	Unorganized	None	5%	5% Accommodations Tax
Aleneva	Kodiak Island Borough	9.25 mills (Borough)	None	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Aleutians East Borough	Aleutians East Borough	None	None	2% Raw Fish Tax
Allakaket	Unorganized	None	None	None
Ambler	Northwest Arctic Borough	None	3%	None
Anaktuvuk Pass	North Slope Borough	18.5 mills (Borough)	None	None
Anchor Point	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Anchorage, Municipality of	Municipality of Anchorage	16.37 mills (avg. of 44 service areas)	None	8% Bed; 8% Rental Car; 15% Tobacco 8% Utility Tax (City); 7% Accommodation Tax (Borough); Severance \$0.05/Yard (Borough)
Anderson	Denali Borough	None	None	None (St. Mary's)
Andreasky	Unorganized	None (St. Mary's)	3% (St. Mary's)	3% Accommodations Tax
Angeon	Unorganized	None	3%	None
Aniak	Unorganized	None	2%	None
Anvik	Unorganized	None	None	None
Arctic Village	Unorganized	N/A	No taxing authority	N/A
Atka	Unorganized	None	None	2% Raw Fish Tax; 10% Accommodations Tax
Atmautluak	Unorganized	N/A	No taxing authority	N/A
Atkasuk	North Slope Borough	18.5 mills (Borough)	None	None
Attu Station	Unorganized	N/A	No taxing authority	N/A
Barrow	North Slope Borough	18.5 mills (Borough)	None	None
Bear Creek	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Beaver	Unorganized	N/A	No taxing authority	N/A
Belkolski	Aleutians East Borough	None	None	2% Raw Fish Tax (Borough)
Beluga	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Bethel	Unorganized	None	5%	5% Alcohol Tax; 3% Hotel/B&B Tax; 6% Gaming Tax; Fuel Tax; Vehicle Registration Tax
Bettles	Unorganized	None	None	\$0.02/Gallon Fuel Transfer Tax
Big Delta	Unorganized	N/A	No taxing authority	N/A
Big Lake	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Birch Creek	Unorganized	N/A	No taxing authority	N/A
Brevig Mission	Unorganized	None	3%	None
Bristol Bay Borough	Bristol Bay Borough	13.0 mills	None	3% Raw Fish Tax; 10% Accommodations Tax May-Oct.
Buckland	Northwest Arctic Borough	None	2%	None
Buffalo Soapstone	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Butte	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Cantwell	Denali Borough	None	None	7% Accommodations Tax; Severance Tax \$0.05/Yard (all Borough)
Central	Unorganized	N/A	No taxing authority	N/A

Provided by Sen. Stevens

4/10/10

**Property, Sales and Special Tax Rates in  
Alaska Communities and Boroughs**

COMMUNITY/BOROUGH	BOROUGH	PROPERTY TAX	SALES TAX	SPECIAL TAXES
Chalkyitsik	Unorganized	N/A	No taxing authority	N/A
Chase CDP	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Chefornak	Unorganized	None	2%	None
Cheneqa Bay	Unorganized	N/A	No taxing authority	N/A
Chevak	Unorganized	None	3%	None
Chickaloon	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Chicken	Unorganized	N/A	No taxing authority	N/A
Chignik	Lake & Peninsula Borough	None	None	1% Salmon/2% Other Seafood Landing Tax (City); 2% Raw Fish Tax (Borough)
Chignik Lagoon	Lake & Peninsula Borough	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Chignik Lake	Lake & Peninsula Borough	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Chiniak	Kodiak Island Borough	9.25 mills (Borough)	None	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Chisana	Unorganized	N/A	No taxing authority	N/A
Chistochina	Unorganized	N/A	No taxing authority	N/A
Chitina	Unorganized	N/A	No taxing authority	N/A
Chuathbaluk	Unorganized	None	None	None
Circle	Unorganized	N/A	No taxing authority	N/A
Clam Gulch	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Clark's Point	Unorganized	None	5%	None
Coffman Cove	Unorganized	None	None	None
Cohoo	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Cold Bay	Aleutians East Borough	None	None	\$.04/gallon Fuel Transfer Tax; 10% Accommodations Tax; 2% Raw Fish Tax (Borough)
Coldfoot	Unorganized	N/A	No taxing authority	N/A
College	Fairbanks North Star Borough	15.403 mills (Borough)	None	8% Accommodations Tax (Borough); 5% Liquor Tax (Borough)
Cooper Landing	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Copper Center	Unorganized	N/A	No taxing authority	N/A
Copperville	Unorganized	N/A	No taxing authority	N/A
Cordova	Unorganized	12.5 to 13.5 mills	6%	6% Accommodations Tax; 6% Car Rental Tax
Covenant Life	Haines Borough	6.56 mills (Borough)	1.5% (Borough)	4% Bed Tax (Borough)
Craig	Unorganized	6.0 mills	5%	6% Liquor Tax
Crooked Creek	Unorganized	N/A	No taxing authority	N/A
Crown Point	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Deering	Northwest Arctic Borough	None	3%	None
Delta Junction	Unorganized	None	None	None
Deltana	Unorganized	N/A	No taxing authority	N/A
Denali Borough	Denali Borough	None	None	7% Accommodations Tax; Severance Tax \$ .05/Yard
Diamond Ridge	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Dillingham	Unorganized	11.0 mills	6%	10% Liquor Tax; 6% Gaming Tax; 10% Accommodations Tax
Diomedes	Unorganized	None	3%	None
Dot Lake	Unorganized	N/A	No taxing authority	N/A
Dot Lake Village	Unorganized	N/A	No taxing authority	N/A
Dry Creek	Unorganized	N/A	No taxing authority	N/A
Eagle	Unorganized	None	None	None
Eagle Village	Unorganized	N/A	No taxing authority	N/A

**Property, Sales and Special Tax Rates in  
Alaska Communities and Boroughs**

COMMUNITY/BOROUGH	BOROUGH	PROPERTY TAX	SALES TAX	SPECIAL TAXES
Edna Bay	Unorganized	N/A	No taxing authority	N/A
Eek	Unorganized	None	2%	None
Egegik	Lake & Peninsula Borough	None	None	2% Raw Fish Tax (City); 2% Raw Fish Tax (Borough); 6% Accommodations Tax (Borough)
Eielson AFB	Fairbanks North Star Borough	15.403 mills (Borough)	None	8% Accommodations Tax (Borough); 5% Liquor Tax (Borough)
Ekwok	Unorganized	None	None	None
Elfin Cove	Unorganized	N/A	No taxing authority	N/A
Elim	Unorganized	None	2%	None
Ermonak	Unorganized	None	3%	Raw Fish Tax
Ester	Fairbanks North Star Borough	15.403 mills (Borough)	None	8% Accommodations Tax (Borough); 5% Liquor Tax (Borough)
Evansville	Unorganized	N/A	No taxing authority	N/A
Excursion Inlet	Haines Borough	6.56 mills (Borough)	1.5% (Borough)	None
Fairbanks	Fairbanks North Star Borough	6.511 mills (City); 15.403 mills (Borough)	None	10% Liquor (5% City/5% Borough); 8% Tobacco (City); 8% Accommodations (Borough)
Fairbanks North Star Borough	Fairbanks North Star Borough	15.403 mills (not including 122 service areas)	None	8% Accommodations Tax; 5% Liquor Tax
False Pass	Aleutians East Borough	None	2%	2% Raw Fish Tax (City); 2% Raw Fish Tax (Borough)
Farm Loop	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Ferry	Denali Borough	None	None	7% Accommodations Tax; Severance Tax \$0.05/Yard (all Borough)
Fishhook	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Fort Greely	Unorganized	N/A	No taxing authority	N/A
Fort Yukon	Unorganized	None	3%	None
Four Mile Road	Unorganized	N/A	No taxing authority	N/A
Fox	Fairbanks North Star Borough	15.403 mills (Borough)	None	8% Accommodations Tax (Borough); 5% Liquor Tax (Borough)
Fox River	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Fritz Creek	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Funny River	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Gakona	Unorganized	N/A	No taxing authority	N/A
Galena	Unorganized	None	3%	None
Gambell	Unorganized	None	3%	None
Game Creek	Unorganized	N/A	No taxing authority	N/A
Gateway	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Georgetown	Unorganized	N/A	No taxing authority	N/A
Girdwood	Municipality of Anchorage	17.17 mills (Borough)	None	8% Bed; 8% Rental Car; 15% Tobacco (all Borough)
Glacier View	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Glennallen	Unorganized	N/A	No taxing authority	N/A
Golovin	Unorganized	None	None	None
Goodnows Bay	Unorganized	None	None	None
Grayling	Unorganized	None	None	None
Gulkana	Unorganized	N/A	No taxing authority	N/A
Gustavus	Unorganized	N/A	No taxing authority	N/A
Haines	Haines Borough	12.08 mills (Borough)	5.5% (Borough)	4% Bed Tax (Borough)
Haines Borough	Haines Borough	6.56 mills (12.08 mills in Haines)	1.5% (5.5% in Haines)	4% Bed Tax
Halibut Cove	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None

**Property, Sales and Special Tax Rates in  
Alaska Communities and Boroughs**

COMMUNITY/BOROUGH	BOROUGH	PROPERTY TAX	SALES TAX	SPECIAL TAXES
Hamilton	Unorganized	N/A	No taxing authority	N/A
Happy Valley	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Harding-Birch Lakes	Fairbanks North Star Borough	15.403 mills (Borough)	None	8% Accommodations Tax (Borough); 5% Liquor Tax (Borough)
Healy	Denali Borough	None	None	7% Accommodations Tax; Severance Tax \$0.05/Yard (all Borough)
Healy Lake	Unorganized	N/A	No taxing authority	N/A
Hobart Bay	Unorganized	N/A	No taxing authority	N/A
Hollis	Unorganized	N/A	No taxing authority	N/A
Holy Cross	Unorganized	None	None	None
Homer	Kenai Peninsula Borough	5.0 mills (City); 6.5 mills (Borough)	3.5% (City); 2% (Borough)	None
Hoonah	Unorganized	None	5%	None
Hooper Bay	Unorganized	None	4%	None
Hope	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Houston	Matanuska-Susitna Borough	2.557 mills (City); 11.483 mills (Borough)	2%	5% Accommodations Tax (Borough)
Hughes	Unorganized	None	None	None
Huslia	Unorganized	None	None	None
Hydaburg	Unorganized	None	4%	None
Hyder	Unorganized	N/A	No taxing authority	N/A
Igiugig	Lake & Peninsula Borough	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Iliamna	Lake & Peninsula Borough	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Ivanof Bay	Lake & Peninsula Borough	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Jakolof Bay	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Juneau, City & Borough of	City & Borough of Juneau	11.47 mills (3 service areas)	5%	7% Bed; 3% Liquor; 6% Tobacco; \$5/Marine Passenger
Kachemak	Kenai Peninsula Borough	1.0 mill (City); 6.5 mills (Borough)	2% (Borough)	None
Kake	Unorganized	None	5%	None
Kaktovik	North Slope Borough	18.5 mills (Borough)	None	None
Kalifornsky	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Kallag	Unorganized	None	None	None
Karluk	Kodiak Island Borough	9.25 mills (Borough)	None	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Kasaan	Unorganized	None	None	None
Kasigluk	Unorganized	N/A	No taxing authority	N/A
Kasilof	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Kenai	Kenai Peninsula Borough	5.0 mills (City); 7.5 mills (Borough)	3% (City); 2% (Borough)	None
Kenai Peninsula Borough	Kenai Peninsula Borough	6.5 mills (15 service areas)	2%	None
Kenny Lake	Unorganized	N/A	No taxing authority	N/A
Ketchikan	Ketchikan Gateway Borough	5.35 mills (City); 8.0 mills (Borough)	3.5% (City); 2% (Borough)	6% Accommodations Tax (City/Borough)
Ketchikan Gateway Borough	Ketchikan Gateway Borough	8.0 mills (10 service areas)	2%	4% Accommodations Tax
Kiana	Northwest Arctic Borough	None	2%	None
King Cove	Aleutians East Borough	None	3%	2% Raw Fish Tax (City); 2% Raw Fish Tax (Borough)
King Salmon	Bristol Bay Borough	13.0 mills (Borough)	None	3% Raw Fish Tax; 10% Accommodations Tax May-Oct. (all Borough)

**Property, Sales and Special Tax Rates in  
Alaska Communities and Boroughs**

COMMUNITY/BOROUGH	BOROUGH	PROPERTY TAX	SALES TAX	SPECIAL TAXES
Kipnuk	Unorganized	N/A	No taxing authority	N/A
Kivalina	Northwest Arctic Borough	None	2%	None
Klawock	Unorganized	None	5.5%	None
Klukwan	Unorganized	N/A	No taxing authority	N/A
Knik River	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Knik-Fairview	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Kobuk	Northwest Arctic Borough	None	None	None
Kodiak	Kodiak Island Borough	2.0 mills (City); 9.25 mills (Borough)	6% (max. \$30 per transaction)	5% Accommodations Tax (City/Borough)
Kodiak Island Borough	Kodiak Island Borough	9.25 mills (8 service areas)	None	5% Accommodations Tax; 0.925% Severance Tax
Kodiak Station	Kodiak Island Borough	9.25 mills (Borough)	None	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Kokhanok	Lake & Peninsula Borough	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Koliganek	Unorganized	N/A	No taxing authority	N/A
Kongiganak	Unorganized	N/A	No taxing authority	N/A
Kotlik	Unorganized	None	3%	None
Kotzebue	Northwest Arctic Borough	None	6%	6% Accommodations Tax; 6% Liquor Tax
Koyuk	Unorganized	None	2%	None
Koyukuk	Unorganized	None	None	None
Kupreanof	Unorganized	None	None	None
Kwethluk	Unorganized	None	5%	None
Kwigillingok	Unorganized	N/A	No taxing authority	N/A
Lake & Peninsula Borough	Lake & Peninsula Borough	None	None	2% Raw Fish Tax; 6% Accommodations Tax
Lake Louise	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Lake Minchumina	Unorganized	N/A	No taxing authority	N/A
Lakes	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Larsen Bay	Kodiak Island Borough	9.25 mills (Borough)	3%	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Lazy Mountain	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Levelock	Lake & Peninsula Borough	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Limo Village	Unorganized	N/A	No taxing authority	N/A
Livengood	Unorganized	N/A	No taxing authority	N/A
Lowell Point	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Lower Kalskag	Unorganized	None	None	None
Lutak	Haines Borough	6.56 mills (Borough)	1.5% (Borough)	4% Bed Tax (Borough)
Manley Hot Springs	Unorganized	N/A	No taxing authority	N/A
Manokotak	Unorganized	None	2%	None
Marshall	Unorganized	None	4%	None
Matanuska-Susitna Borough	Matanuska-Susitna Borough	11.483 mills (27 service areas)	None	5% Accommodations Tax
McCarthy	Unorganized	N/A	No taxing authority	N/A
McGrath	Unorganized	None	None	10% Accommodations Tax
McKinley Park	Denali Borough	None	None	7% Accommodations Tax; Severance Tax \$0.05/Yard (all Borough)
Meadow Lakes	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Mokoryuk	Unorganized	None	2%	None
Mandoltna	Unorganized	N/A	No taxing authority	N/A
Montasla Lake	Unorganized	N/A	No taxing authority	N/A
Mottakatta	Unorganized	N/A	No taxing authority	N/A
Meyers Chuck	Unorganized	N/A	No taxing authority	N/A

**Property, Sales and Special Tax Rates in  
Alaska Communities and Boroughs**

COMMUNITY/BOROUGH	BOROUGH	PROPERTY TAX	SALES TAX	SPECIAL TAXES
Minlo	Unorganized	N/A	No taxing authority	N/A
Moose Creek	Fairbanks North Star Borough	15.403 mills (Borough)	None	8% Accommodations Tax (Borough); 5% Liquor Tax (Borough)
Moose Pass	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Mosquito Lake	Haines Borough	6.56 mills (Borough)	1.5% (Borough)	4% Bed Tax (Borough)
Mountain Village	Unorganized	None	3%	None
Mud Bay	Haines Borough	6.56 mills (Borough)	1.5% (Borough)	4% Bed Tax (Borough)
Naknek	Bristol Bay Borough	13.0 mills (Borough)	None	3% Raw Fish Tax; 10% Accommodations Tax May-Oct. (all Borough)
Nanwalek	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Napakiak	Unorganized	None	3%	None
Napaskiak	Unorganized	None	None	None
Naukati Bay	Unorganized	N/A	No taxing authority	N/A
Nelchina	Unorganized	N/A	No taxing authority	N/A
Nelson Lagoon	Aleutians East Borough	None	None	2% Raw Fish Tax (Borough)
Nenana	Unorganized	12.0 mills	4%	None
New Allakaket	Unorganized	N/A	No taxing authority	N/A
New Stuyahok	Unorganized	None	None	None
Newhalen	Lake & Peninsula Borough	None	2%	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Newtok	Unorganized	N/A	No taxing authority	N/A
Nightmute	Unorganized	None	2%	None
Nikiski	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Nikolaevsk	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Nikolai	Unorganized	None	None	None
Nikolski	Unorganized	N/A	No taxing authority	N/A
Ninilchik	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Noatak	Northwest Arctic Borough	None	None	None
Nome	Unorganized	13.0 mills	5%	4% Accommodations Tax 2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Nondalton	Lake & Peninsula Borough	None	3%	None
Noorvik	Northwest Arctic Borough	None	3%	None
North Pole	Fairbanks North Star Borough	3.0 mills (City); 15.403 mills (Borough)	3%	8% Accommodations Tax (Borough); 5% Liquor Tax (Borough)
North Slope Borough	North Slope Borough	18.5 mills (areawide)	None	None
Northway	Unorganized	N/A	No taxing authority	N/A
Northway Junction	Unorganized	N/A	No taxing authority	N/A
Northway Village	Unorganized	N/A	No taxing authority	N/A
Northwest Arctic Borough	Northwest Arctic Borough	None	None	None
Nuiqsut	North Slope Borough	18.5 mills (Borough)	None	None
Nulato	Unorganized	None	None	None
Nunam Iqua	Unorganized	None	2%	None
Nunapitchuk	Unorganized	None	3%	None
Old Harbor	Kodiak Island Borough	9.25 mills (Borough)	3%	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Oscarville	Unorganized	N/A	No taxing authority	N/A
Ouzinkie	Kodiak Island Borough	9.25 mills (Borough)	3%	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Palmer	Matanuska-Susitna Borough	2.557 mills (City); 11.483 mills (Borough)	3%	5% Accommodations Tax (Borough)
Paxson	Unorganized	N/A	No taxing authority	N/A
Pedro Bay	Lake & Peninsula Borough	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)

**Property, Sales and Special Tax Rates In  
Alaska Communities and Boroughs**

COMMUNITY/BOROUGH	BOROUGH	PROPERTY TAX	SALES TAX	SPECIAL TAXES
Pelican	Unorganized	6.0 mills	4%	10% Accommodations Tax
Perryville	Lake & Peninsula Borough	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Petersburg	Unorganized	10.17 mills	6%	4% Accommodations Tax
Potterville	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Pilot Point	Lake & Peninsula Borough	None	None	3% Raw Fish Tax (City); 2% Raw Fish Tax (Borough); 6% Accommodations Tax (Borough)
Pilot Station	Unorganized	None	4%	None
Pitka's Point	Unorganized	N/A	No taxing authority	N/A
Platinum	Unorganized	None	None	None
Pleasant Valley	Fairbanks North Star Borough	15.403 mills (Borough)	None	8% Accommodations Tax (Borough); 5% Liquor Tax (Borough)
Point Baker	Unorganized	N/A	No taxing authority	N/A
Point Hope	North Slope Borough	10.5 mills (Borough)	None	None
Point Lay	North Slope Borough	18.5 mills (Borough)	None	None
Point MacKenzie	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Pope-Vannoy Landing	Lake & Peninsula Borough	None	None	None
Port Alexander	Unorganized	None	4%	6% Accommodations Tax
Port A'sworth	Lake & Peninsula Borough	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Port Clarence	Unorganized	N/A	No taxing authority	N/A
Port Graham	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Port Heiden	Lake & Peninsula Borough	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Port Lions	Kodiak Island Borough	9.25 mills (Borough)	None	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Port Protection	Unorganized	N/A	No taxing authority	N/A
Portage Creek	Unorganized	N/A	No taxing authority	N/A
Primrose	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Prudhoe Bay	North Slope Borough	18.5 mills (Borough)	None	None
Quinhagak	Unorganized	None	3%	None
Rampart	Unorganized	N/A	No taxing authority	N/A
Red Devil	Unorganized	N/A	No taxing authority	N/A
Red Dog Mine	Northwest Arctic Borough	None	None	None
Ridgeway	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Ruby	Unorganized	None	None	None
Russian Mission	Unorganized	None	None	None
Saint George	Unorganized	None	None	3% Fish & Marine Products Tax; \$.03/gallon Fuel Transfer Tax
Saint Mary's	Unorganized	None	3%	None
Saint Michael	Unorganized	None	4%	None
Saint Paul	Unorganized	None	3%	None
Salamatof	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Salcha	Fairbanks North Star Borough	15.403 mills (Borough)	None	8% Accommodations Tax (Borough); 5% Liquor Tax (Borough)
Sand Point	Aleutians East Borough	None	3%	2% Raw Fish Tax (City); 2% Raw Fish Tax (Borough)
Savoonga	Unorganized	None	3%	None
Saxman	Ketchikan Gateway Borough	6.8 mills (Borough)	3.5% (City); 2% (Borough)	4% Accommodations Tax (Borough)
Scammon Bay	Unorganized	None	2%	None
Selawik	Northwest Arctic Borough	None	3%	None

**Property, Sales and Special Tax Rates in  
Alaska Communities and Boroughs**

COMMUNITY/BOROUGH	BOROUGH	PROPERTY TAX	SALES TAX	SPECIAL TAXES
Seldovia	Kenai Peninsula Borough	7.35 mills (City); 6.5 mills (Borough)	2%-4.5% (City); 2% (Borough)	None
Seldovia Village	Kenai Peninsula Borough	6.25 mills (Borough)	2% (Borough)	None
Seward	Kenai Peninsula Borough	3.22 mills (City); 6.5 mills (Borough)	4% (City); 2% (Borough)	4% Accommodations Tax
Shageluk	Unorganized	None	None	None
Shaktolik	Unorganized	None	2%	None
Sherya Station	Unorganized	N/A	No taxing authority	N/A
Shishmaref	Unorganized	None	2%	None
Shungnak	Northwest Arctic Borough	None	2%	None
Silver Springs	Unorganized	N/A	No taxing authority	N/A
Sitka, City & Borough of	City & Borough of Sitka	6.0 mills	5% Oct-March; 6% Apr-Sept	6% Accommodations Tax; 2 cents/gal. Fuel Tax
Skagway	Unorganized	8.27 mills	4%	8% Accommodations Tax
Skwentna	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Slana	Unorganized	N/A	No taxing authority	N/A
Sleetmute	Unorganized	N/A	No taxing authority	N/A
Soldotna	Kenai Peninsula Borough	4.75 mills (City); 6.5 mills (Borough)	3% (City); 2% (Borough)	None
Solomon	Unorganized	N/A	No taxing authority	N/A
South Naknek	Bristol Bay Borough	13.0 mills (Borough)	None	3% Raw Fish Tax; 10% Accommodations Tax May-Oct. (all Borough)
Stebbins	Unorganized	None	3%	None
Sterling	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Stevens Village	Unorganized	N/A	No taxing authority	N/A
Stony River	Unorganized	N/A	No taxing authority	N/A
Sunrise	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Susitna	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Sutton-Alpine	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Takotna	Unorganized	N/A	No taxing authority	N/A
Talkeetna	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Tanacross	Unorganized	N/A	No taxing authority	N/A
Tanaina	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Tanana	Unorganized	None	2%	None
Talitluk	Unorganized	N/A	No taxing authority	N/A
Tazlina	Unorganized	N/A	No taxing authority	N/A
Telida	Unorganized	N/A	No taxing authority	N/A
Teller	Unorganized	None	3%	None
Tenakee Springs	Unorganized	None	1%	6% Accommodations Tax
Tellin	Unorganized	N/A	No taxing authority	N/A
Thom's Place	Unorganized	N/A	No taxing authority	N/A
Thorne Bay	Unorganized	None	5%	None
Togiak	Unorganized	None	2%	2% Raw Fish Tax
Tok	Unorganized	N/A	No taxing authority	N/A
Toksook Bay	Unorganized	None	2%	None
Tolsona	Unorganized	N/A	No taxing authority	N/A
Tonsina	Unorganized	N/A	No taxing authority	N/A
Trapper Creek	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Tuluksak	Unorganized	N/A	No taxing authority	N/A
Tuntutuliak	Unorganized	N/A	No taxing authority	N/A
Tununak	Unorganized	N/A	No taxing authority	N/A
Twin Hills	Unorganized	N/A	No taxing authority	N/A

**Property, Sales and Special Tax Rates in  
Alaska Communities and Boroughs**

COMMUNITY/BOROUGH	BOROUGH	PROPERTY TAX	SALES TAX	SPECIAL TAXES
Two Rivers	Fairbanks North Star Borough	15.403 mills (Borough)	None	8% Accommodations Tax (Borough); 5% Liquor Tax (Borough)
Tyonok	Kenai Peninsula Borough	6.5 mills (Borough)	2% (Borough)	None
Ugashik	Lake & Peninsula Borough	None	None	2% Raw Fish Tax; 6% Accommodations Tax (all Borough)
Unalakleet	Unorganized	None	5%	5% Accommodations Tax; Alcohol Tax
Unalaska	Unorganized	11.78 mills	3%	5% Accommodations Tax; 2% Raw Fish Tax
Upper Kalskag	Unorganized	None	None	None
Valdez	Unorganized	20.0 mills	None	6% Accommodations Tax
Venette	Unorganized	N/A	No taxing authority	N/A
Wainwright	North Slope Borough	18.5 mills (Borough)	3%	None
Wales	Unorganized	None	2%	None
Wasilla	Matanuska-Susitna Borough	0.5 mills (City); 11.483 mills (Borough)	2.5%	5% Accommodations Tax (Borough)
Whale Pass	Unorganized	N/A	No taxing authority	N/A
White Mountain	Unorganized	None	1%	None
Whitestone Logging Camp	Unorganized	N/A	No taxing authority	N/A
Whittier	Unorganized	5.0 mills	3% April - Sept.	None
Willow	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Willow Creek	Unorganized	N/A	No taxing authority	N/A
Wiseman	Unorganized	N/A	No taxing authority	N/A
Womens Bay	Kodiak Island Borough	9.25 mills (Borough)	None	5% Accommodations Tax (Borough); 0.925% Severance Tax (Borough)
Wrangell	Unorganized	12.0 mills	7%	\$4/Night Accommodations Tax
Y	Matanuska-Susitna Borough	11.483 mills (Borough)	None	5% Accommodations Tax (Borough)
Yakutat, City & Borough of	City & Borough of Yakutat	9.0 mills	4%	1% Salmon; 8% Bed; 8% Car Rental

**Provided by: Sen. Ben Stevens**

Proposition approved by the Anchorage Assembly to be placed on the April 6 ballot.

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**PROPOSITION 2**

**AN ADVISORY VOTE URGING THE ALASKA LEGISLATURE  
TO ADOPT A COMPREHENSIVE LONG RANGE FISCAL PLAN  
FOR THE STATE OF ALASKA IN OPEN SESSION**

Shall the citizens of Anchorage urge the Alaska Legislature to adopt a comprehensive long-range fiscal plan for the State of Alaska this year in open session?

**To be voted upon by all qualified voters residing within the Municipality of Anchorage.**

(AO 2004-58 as amended)

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

P.O. BOX 110400  
JUNEAU, ALASKA 99811-0400  
TELEPHONE: (907) 465-2300  
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March 19, 2004

The Honorable Ben Stevens  
Alaska State Senate  
Alaska State Capitol  
Juneau, Alaska 99801-1182

Re: SB 366 Sales Tax

Dear Senator Stevens:

We have reviewed the language of the sales tax bill, SB 366, and have identified several aspects of the bill needing attention. While the bill creates a framework for a state sales tax, it is necessary to include a number of provisions to clarify requirements for taxpayers, and direction for administration by the Department of Revenue. We understand the bill is intended to be of broad scope. However, we are not certain the scope of the present language is sufficiently defined to preclude taxation of perhaps unintended sources, such as wages.

The Department of Revenue makes the following recommendations:

### Administration of tax

1. Insert a provision for filing requirements to complement the language pertaining to direct pay permit holders. We suggest that explicit language be added to require the filing of tax returns by sellers, and those liable for use tax.
2. Insert a provision for sourcing to make clear where the sale takes place. If this is not included in statute, it would be difficult to establish by regulation, unless the statute contained explicit language directing the department to write regulations consistent with the Streamlined Sales Tax Agreement.
3. Insert provisions for the revocation of seller permits or direct pay permits, and include methods to safeguard due process rights. We suggest the addition of language to allow revocation by the department for non-compliance with the sales tax law, and to provide for a process of appeal.
4. To complement the provision that requires a seller to be registered before making a sale, include enforcement provisions. We suggest the addition of penalty provisions to allow effective tax administration.

5. Section 43.44.070 states the tax may be computed on an "item or an invoice basis." It appears this language has been taken from the Streamlined Sales Tax Agreement, but the Agreement allows a state to establish a rounding rule on either basis. We suggest the bill specify either by-item, or by-invoice, but should not offer a choice.

6. Section 43.44.020(1)(A) exempts property or services "exempted from taxation under another provision of state law." It is not clear how this would apply and should be clarified. For example, under 43.40.100, residual fuel oil used in watercraft is exempt from the state motor fuel tax. It is not clear whether the sales tax would apply to this product.

7. Include a provision authorizing the department to issue refunds when the tax is overpaid. We suggest that the bill include explicit language to allow refunds of overpayments.

8. Include a provision pertaining to bundling provisions to address tax effects of selling a bundle of goods, some of which are taxable and some of which are not, for one price. It is common tax practice to tax the entire bundle when taxable and non-taxable items are included in the bundle.

9. Section 43.44.080 allows a credit against state and local taxes for state taxes paid to another state, but does not mention local taxes paid to another city. The more common approach would be to credit state taxes against state taxes, and city taxes against city taxes.

10. Include specific definitions for "service" and "use". Some of these definitions may be available from the Streamlined Sales Tax Agreement.

11. Section 43.44.090(b) and (c) are not clear with respect to the incidence of tax. Subsection (b) makes the buyer "secondarily liable". This suggests that the buyer would be liable for the tax if the seller collects the tax but does not pay it over to the department. Subsection (c) makes the user liable for the use tax, but the liability of an out-of-state seller, who must collect use tax, is not clear. We would encourage further study to be certain that the incidence of tax is consistent and clear throughout the bill.

12. Section 43.44.090(d) shifts liability from a seller to a buyer where a "prescription" is received from the buyer. We presume this should refer to a "certificate of use." However, there is no provision in the statute establishing the requirements of a certificate of use.

13. Clarify section 43.44.060 regarding the amount of tax to be remitted to a municipality if that municipality levies a sales tax, but does not levy a use tax.

#### Scope of tax

1. The current language does not provide for exemption for sale for resale. This means that retail products will be taxed at least once at the wholesale level and once at the retail level. This also means that a seller importing a car for resale, shall be liable for the use tax on the car imported, and liable for the sales tax when it is sold.

Senator Ben Stevens  
March 19, 2004  
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2. There is no exemption for ingredients. This has the same effect as a lack of a sale for resale, as discussed in Item 1 above.
3. There is no exemption for industrial equipment. This is clearly a policy call. We would only point out that this may have far-reaching effects on investment in the state.
4. There is no exemption for certain intangibles such as wages and interest.
5. There is no transition rule. This means that use tax will be due on all tangible personal property owned at the date the law is effective.

Please note that this list is not exhaustive, but reflects the broad-impact issues.

Our department specialist in sales tax, Robynn Wilson, would be pleased to work with you, your staff, and the Senate Finance Committee in crafting language to meet your objectives. She is available to discuss this matter and may be reached at 269-6634. Please also contact Landa Baily at 465-2302 if you need further information or assistance.

Sincerely,



Steve Porter  
Deputy Commissioner  
Department of Revenue

cc: Senator Gary Wilkens, Chair  
Senate Finance Committee

Public Testimony

SB 366

State Sales Tax