

CITY OF DILLINGHAM, ALASKA

ORDINANCE NO. 2015-02

**AN ORDINANCE OF THE DILLINGHAM CITY COUNCIL AMENDING CHAPTER 4.20 OF THE DILLINGHAM MUNICIPAL CODE TO CLARIFY APPLICATION OF CITY SALES TAX LAWS TO SALES OF FUEL BY SELLERS LOCATED IN DILLINGHAM TO BUYERS OUTSIDE DILLINGHAM AND REQUIRING SELLERS TO REPORT SUCH SALES IN A UNIFORM MANNER AND TO REMIT APPROPRIATE SALES TAXES TO THE CITY**

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BE IT ENACTED BY THE DILLINGHAM CITY COUNCIL:

**Section 1. Amendment of Chapter 4.20.** Chapter 4.20 of the Dillingham Municipal Code is hereby amended by the addition of a new Section 4.20.085 to read as follows:

**4.20.085 Sales of fuel delivered outside city limits**

A. Notwithstanding any other provision of this chapter, City of Dillingham sales tax applies to fuel sales in which fuel is sold by a seller located in Dillingham and delivered to a buyer located outside of Dillingham. Sales tax does not apply to the delivery charge for such sales.

B. If the buyer is not located within any other municipality that collects a sales tax on the transaction, the seller shall collect from the buyer the full amount of Dillingham sales tax, which shall be remitted to Dillingham.

C. If the buyer is located outside Dillingham and within a municipality that collects sales tax on the transaction, the seller shall collect from the buyer the full amount of Dillingham sales tax if the Dillingham rate exceeds that of the other municipality. The seller shall report and remit to the other municipality the full amount of sales tax owed under that municipality's laws. The seller shall report all such sales to Dillingham along with documentation showing that a portion of the collected sales tax was remitted to the other municipality. The portion of monies collected or which should have been collected that is not remitted to the other municipality shall be remitted to Dillingham.

If the other municipality's applicable sales tax rate exceeds that of Dillingham, the seller is not required to remit sales tax to Dillingham for the transaction, but shall report such sales to Dillingham and include documentation that the tax was paid to the other municipality.

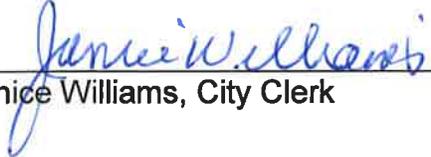
**Section 2. Effective Date.** This ordinance was made effective December 2014.

PASSED and ADOPTED by a duly constituted quorum of the Dillingham City Council  
on 5/19/15.

  
Alice Ruby, Mayor

ATTEST:

[SEAL]

  
Janice Williams, City Clerk

City of Dillingham Information Memorandum

Agenda of: March 5<sup>19</sup>, 2015

Attachment to: 2015-02  
Ordinance No. \_\_\_\_\_ / Resolution No. \_\_\_\_\_

**Subject:**

An Ordinance of the Dillingham City Council Amending Chapter 4.20 of the Dillingham Municipal Code to Clarify the Application of City Sales Tax Laws to Sales of Fuel by Sellers Located in Dillingham to Buyers Outside Dillingham and Requiring Sellers to Report Such Sales in a Uniform Manner and to Remit Appropriate Sales Taxes to the City

City Manager: Recommend Approval

Signature: Rose Doerer

Route to	Department Head	Signature	Date
X	Finance Director	Carol Shade	3/9/15
X	City Clerk	J. Williams	2/20/15

Fiscal Note:  Yes  No

Funds Available:  Yes  No

**Other Attachments:**

- Public Hearing is scheduled to be advertised in the February 27, 2015 edition of Bristol Bay Times as required to be advertised in a local newspaper five days in advance of the public hearing.

**Summary Statement:**

This ordinance came about as the result of a request from a fuel vendor for clarification on whether or not sales tax applied to fuel deliveries made outside of Dillingham City limits. It was found that fuel companies were collecting and remitting a five percent sales tax on behalf of the City of Aleknagik for fuel deliveries made in Aleknagik. This had been in effect sometime after Dillingham amended its sales tax code in early 2000 and efforts to negotiate with Aleknagik had not followed through. The Code Committee recommended, after discussion with the City's attorney on its options, to add one percent for a total of six percent sales tax. Fuel vendors were instructed in early December 2014, to begin collecting an additional one percent for Dillingham. Fuel vendors were further instructed to be sure and collect Dillingham's six percent sales tax on fuel deliveries made between the City of Dillingham and the City of Aleknagik, if they weren't already doing so.

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Ordinance No. 2015-02 / Resolution No. \_\_\_\_\_

**Summary Statement continued:**

The City's Attorney recommended that this exception to the City's sales tax law should be codified. Ordinance No. 2015-02 was vetted through the Code Review Committee and was recommended for adoption.

The example below should help to further clarify the first paragraph in Ordinance No. 2013-02, item C.

Example: In a sale to a buyer in a municipality charging a five percent (5%) sales tax, the seller shall collect Dillingham's six percent (6%) sales tax and remit five percent (5%) of the sale price to the other municipality and remit one percent (1%) to Dillingham.





## **NOTICE OF A PUBLIC HEARING**

*Public Hearing on Ordinance Nos. 2015-01, 2015-02*

The City Of Dillingham will hold a **Public Hearing** on Thursday, March 19, 2015, at 7:00 P.M. in the City Council Chambers for the purpose of taking comment from the public on the following ordinances:

- Ordinance No. 2015-01, An Ordinance of the Dillingham City Council Amending the Budget by Adopting Budget Amendment No. 1 and Appropriating Funds for the FY 2015 City of Dillingham Budget
- Ordinance No. 2015-02, An Ordinance of the Dillingham City Council Amending Chapter 4.20 of the Dillingham Municipal Code to Clarify Application of City Sales Tax Laws to Sales of Fuel by Sellers Located in Dillingham to Buyers Outside Dillingham and Requiring Sellers to Report Such Sales in a Uniform Manner and to Remit Appropriate Sales Taxes to the City

If you have any questions, please contact the City Clerk's office at 842-5212 or email [cityclerk@dillinghamak.us](mailto:cityclerk@dillinghamak.us).