

CITY OF DILLINGHAM, ALASKA

**ORDINANCE NO. 2018-03**

**AN ORDINANCE OF THE DILLINGHAM CITY COUNCIL AMENDING SECTION 4.20.050, SALES TAX EXEMPTIONS, TO ADJUST THE TAX CAP**

WHEREAS, the City of Dillingham (City) has listened to and considered the citizens of Dillingham concerning the increased tax cap rate; and

WHEREAS, the City wants to encourage business in Dillingham; now

BE IT ENACTED BY THE DILLINGHAM CITY COUNCIL:

**Section 1. Classification.** This is a code ordinance.

**Section 2. Amendment of Subsection 4.20.050(T).** Subsection 4.20.050(T) of the Dillingham Municipal Code is hereby amended as follows with new language underlined and **boldened** and deleted text displayed in strike out font.

T. Tax Cap. The selling price amount of any sale (other than the rental or lease of real or personal property or any provision of services) in excess of **three thousand five hundred** dollars ~~five thousand dollars~~. For purposes of this exemption the following rules apply:

1. ~~For purposes of computing t~~ **The sales price of multiple items purchased by the same buyer from the same seller** at the same time, **and** which are delivered to the consumer on one date, shall be combined **and treated as a single sale or transaction**. If the consumer **buyer** is purchasing a number of items for a construction, improvement, or renovation package, the sales price of the multiple items purchased at the same time as a package shall be combined even though delivery or payment for some of the items may be made at different times. A "package" is defined as an arrangement where the buyer or seller have obtained all required permits (i.e., city land use permit or other building permit), and there is a written agreement with seller identifying the total price being paid.

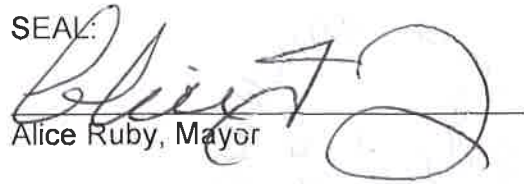
2. Each payment for a single item paid for on an installment basis shall be considered a separate sale with the exception that installment payments for snow machines, ATVs, boats, boat motors, and vehicles that are seller-financed by a business operating within the city or by a financial institution are subject to the sales tax cap on the total amount of the sale.

3. For purposes of computing the amount of any sale or transaction, items purchased on account or on credit on different days shall not be combined and treated as a single sale or transaction.

**Section 4. Effective Date.** This ordinance is effective June 1, 2018.

PASSED and ADOPTED by a duly constituted quorum of the Dillingham City Council on May 10, 2018.

SEAL:

  
Alice Ruby, Mayor

ATTEST:



Lori Goodell, City Clerk

**City of Dillingham Information Memorandum**

Agenda of: April 5, 2018

Attachment to:

Ordinance No. 2018-03 / Resolution No. \_\_\_\_\_

**Subject:**

An ordinance of the Dillingham City Council amending Chapters 4.20 Sales Tax, Section 4.20.050, Sales Tax Exemptions to Adjust the Tax Cap

City Manager: Recommend Approval

Signature: *J. Sullivan* 4/2/18

Fiscal Note:  Yes  No

Funds Available:  Yes  No

**Other Attachments:**

**Summary Statement:**

The Code Review Committee was tasked with reviewing all sales tax exemptions. The review consumed all meetings held in 2017. Committee members discussed the tax cap during that process. Ordinance 2017-08 was adopted December 7, 2017 with the changes being affecting March 1, 2018.

There was public participation during the process, although no member of the public spoke regarding the proposed increase in the tax cap from \$2,000 to \$5,000. After this ordinance passed some citizens addressed Council with concerns about loss of potential revenue with the increase in the tax cap. City Council sent the issue back to the Code Review Committee for further consideration taking into account public concerns.

After further review the Code Committee is recommending the cap be reduced to \$3,500. This is a compromise that will alleviate business concerns and still retain some additional revenue for the City.



Attachment to: 2018-03 / Resolution No. \_\_\_\_\_  
Ordinance No. \_\_\_\_\_

**Summary Statement continued:**

Route to	Department Head	Date
X	Finance Director	
X	City Clerk	