



MEMORANDUM

DATE: January 10, 2022
TO: Code Review Committee
FROM: Anita Fuller, Finance Director
SUBJECT: Sales Tax Exemption regarding Leases and Casual and Isolated sales

STAFF REPORT

- Example definitions of casual and isolated sales
- 4.16.020 Definitions.
- 4.16.040 Fee.
- 4.20.030 Imposition of tax.
- 4.20.050 Exemptions (abbreviated)

Examples of defining casual and isolated sales:

Model code drafted by AML:

Casual and isolated sales, rentals or services, not made:

- In the ordinary course of business; or*
- Pursuant to a business license; or*
- By sellers representing themselves to be in the business of making such retail sales, rentals, or services.*

Example from the City of Nenana:

- Sales not made pursuant to a business license, and which totals less than \$125 for a calendar quarter.*
- Casual and isolated sales not made in the regular course of business.*

Similar example from other cities:

- Casual and isolated sales. As used in this subsection, casual and isolated sales means retail sales, rentals, or services not:
 - Pursuant to a business license;*
 - By sellers representing themselves to be in the business of making such retail sales, rentals or services; or*
 - Including business personal property leased or rented in the regular course of business engaged in by that seller.**

Existing code with recommended changes

4.16.020 Definitions.

When not otherwise indicated by context, the following words and phrases have the following meanings:

“Business” means:

A. A person (as defined in Section [4.20.020](#)), partnership, corporation or company of any sort providing goods or services within the city for a profit, unless the goods or services consist entirely of casual or isolated sales (as defined in Section [4.20.050](#));

B. A person (as defined in Section [4.20.020](#)), partnership, corporation or company of any sort providing the service of operating a taxicab or vehicle-for-hire and required to have a business license and remit sales tax regardless of amount of sales.

“Nonprofit sponsored event” means an event by a nonprofit organization meeting all requirements of state and federal law.

“Regularly scheduled nonprofit event” means an event scheduled daily, weekly or monthly and permanently staffed by paid or volunteer but keeping scheduled hours. Example: thrift store, gift shop owned by nonprofit businesses, bingo or other games of skill and chance.

“Taxicab” or “vehicle-for-hire” means a motor vehicle regularly employing a seating capacity of fifteen persons or less, including the driver, used to transport passengers for a fee whether furnished pursuant to a lease agreement, rental agreement or any other kind of agreement, however communicated. The seating capacity of a taxicab or vehicle-for-hire is limited to the number of manufacturer’s installed seat belts. Notwithstanding the foregoing, the term “taxicab” or “vehicle-for-hire” shall not include motor vehicles used to provide passengers a sightseeing experience or used incident to an organized tourist excursion.

4.16.040 Fee.

Each application shall be accompanied by the fee or a request for a waiver.

A. Regular licensing fee of fifty dollars per year.

~~B. All participants in regularly scheduled nonprofit events or nonprofit sponsored events where home craft items are sold, no license will be required nor sales tax levied.~~

C.B. Regularly operated nonprofit events will be required to file an application to be exempted from paying a license fee.

4.20.030 Imposition of tax.

A. There shall be levied and collected within the city a tax on all sales at retail made within the city, all professional or occupational services, all materials furnished and services rendered in connection with the

accomplishment of a specific project or end product, all rental of property, facilities and accommodations. The applicable tax rate (see Section 4.20.080A) shall be added to the sales price.

B. Where a purchaser has failed to pay and a seller has failed to add to the sales price and collect the tax imposed by this chapter, the tax is included in the purchase price and, as in other cases, constitutes city funds in the hands of the seller held in trust for the city from the moment of collection. The city shall be paid but a single tax on a single sale. The burden of the tax here imposed shall, in the normal course of events, rest upon the purchaser except as provided in this subsection.

4.20.050 Exemptions.

The tax levied by this chapter shall not apply to the following:

A. Air Travel. Sale of air transportation services;

B. Banking. Fees for banking services charged by banks and credit unions;

C. Casual and Isolated Sales. Casual or isolated sales not made:

1. in the regular course of business of the seller. ; or

2. pursuant to a business license, and which totals less than \$300 per calendar quarter; or

3. By sellers representing themselves to be in the business of making such retail sales, rentals or services.

~~For purposes of administering this regulation, the term "casual" means occurring, encountered, acting or performed without regularity or at random. The term "occasional" and the term "isolated" mean occurring alone or once, an incident not likely to recur, sporadic;~~

D. Child Care Services. Child care, pre-elementary, and baby-sitting services;

E. City Sales. Landfill and boat harbor fees, and wharfage and handling services when sold by the city;

F. Dues and Fees. Dues, fees, or tuition paid to clubs, labor unions and fraternal or religious organizations;

G. Electricity, Internet and Telephone. Sales of electricity, internet, and telephone if the customer's physical location of service is not within the city; charges for long distance telephone conversations;