

Chapter 4.20

SALES TAX

Sections:

4.20.050 Exemptions.

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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 in the regular course of business of the seller.

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;
- H. Federal and State Prohibitions.
 - 1. Sales the city is prohibited from taxing under the Constitution and laws of the United States or the Constitution and the laws of the state of Alaska are exempt;
 - 2. Sales to an employee of the state, its political subdivisions, or the federal government are only exempt when the governmental employee provides proof that the sale is for government business by paying for the sale with a government voucher, purchase order, check or warrant, or providing verifiable documentation to the seller to allow the seller to readily determine that the sale is for government business;
 - 3. Sales to the extent paid for with food coupons, food stamps or other types of certificates issued under the Food Stamp Act;
- I. Fish. Sales of fish subject to tax under Chapter 4.21;
- J. Funeral. Sales of cemetery plots, caskets, burial items, and funeral services sold by a funeral home;
- K. Government and Tribal Entities. Sales to the United States government, the state and its political subdivisions, a federally recognized Indian tribe, the city or any department thereof; provided, however, that the exemption shall not be applicable to the sales of materials and supplies to contractors for the construction or manufacture of property for government agencies or tribal entities on a contract bid award, in which the contractor shall be deemed the buyer or consumer or user subject to payment of the tax;
- L. Health and Medical.
 - 1. Professional services provided a person licensed or certified by the state of Alaska as a doctor of medicine, surgery, osteopathy, or veterinary medicine, a chiropractor, a dentist, a naturopath, an optometrist, an audiologist, a hospital, an occupational therapist, a physical therapist, a massage therapist or nurse,

psychologist or psychological associate, a clinical social worker, an alcohol and drug counselor, or a marital and family therapist when the services provided require such license or certificate;

2. Assisted living services provided in accordance with an assisted living plan and in an assisted living home licensed as such by the state;

3. Fees for supplies, equipment and services provided by a hospital, medical, or dental clinic for patient treatment, including laboratory and x-ray services; sales of prescription drugs;

M. Insurance. Sales of insurance policies, guaranty and fidelity bonds;

N. Newspapers. Carrier sales made directly to consumers or users of newspapers;

O. Nonlicensed Business. Sales of goods and services made by persons not required to obtain a business license under Chapter 4.16;

P. Nonprofit Organizations. Sales, services, and rentals to organizations that have obtained a 501(c)(3) or 501(c)(4) exemption certificate from the Internal Revenue Service, and which are made in the normal conduct of activity, but not to individual members or employees thereof for their own personal consumption, use or accommodation; the exemption does not apply where such organizations are engaged in business for profit or savings, or competing with other persons engaged in similar business;

Q. Professional Services. Professional services provided to a customer or client whose principal residence or place of business is not within the city of Dillingham if the services are provided or performed primarily or entirely outside the city;

R. Public Food.

1. Sales of food in school and college cafeterias and lunchrooms that are operated primarily for teachers or students and are not operated for profit;

2. Sales in dining rooms or cafeterias of food furnished by nonprofit organizations under programs wholly or partially supported by government funds;

S. Resale. Sales of goods to a wholesaler, retailer, or other purchaser if such purchaser resells the same goods, in the same or altered form, and the resold goods will not be exempt from the tax levied under this chapter. To obtain the exemption provided for in this subsection, the purchaser shall display or provide to the seller at the time of the sale a copy of the purchaser's resale certificate. If the purchaser buys goods for resale and for personal or other use at the same time, only the goods that are sold for resale are exempt. Supplies, services, tools, repair services, equipment or other goods or services purchased to support a business but not for resale are not exempt;

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. For purposes of this exemption the following rules apply:

1. The sales price of multiple items purchased by the same buyer from the same seller at the same time, and which are delivered on one date, shall be combined and treated as a single sale or transaction. If the 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 has 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.