

CITY OF DILLINGHAM, ALASKA

**ORDINANCE NO. 2026-xx**

**AN ORDINANCE OF THE DILLINGHAM CITY COUNCIL REPEALING DMC 4.20.050(T) TO ELIMINATE THE SALES TAX CAP ON CERTAIN TRANSACTIONS.**

WHEREAS, the 2018 U.S. Supreme Court ruling in South Dakota v. Wayfair, Inc fundamentally changed online sales tax by allowing states to require remote sellers to collect sales tax without a physical presence. This ruling eliminates the initial argued benefit that initially supported the decision made in 2017; and

WHEREAS, this is a unique exemption to a few Alaskan Communities that other states do not have; and

WHEREAS, this creates confusion with online Sales Tax Reporting and overreporting; and

WHEREAS, this proposed change simplifies tax reporting and increases revenue to the City of Dillingham;

BE IT ENACTED BY THE DILLINGHAM CITY COUNCIL:

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

**Section 2. Amendment to Section 4.20.050 (T) Exemptions, Tax Cap.** Dillingham Municipal Code Section 4.20.050 (T) is hereby amended to read as follows [new language **underlined and emboldened** and deleted text displayed in ~~strike-out font~~]:

...

~~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.~~

~~(Ord. 18-03 § 2, 2018; Ord. 17-08 § 2, 2017)~~

...

**Section 4. Severability.**

If any section, subsection, sentence, clause, or phrase of this ordinance is held invalid, such decision shall not affect the validity of the remaining portions of this ordinance.

**Section 5. Effective Date.** This ordinance is effective upon adoption.

PASSED AND APPROVED by the Dillingham City Council on the \_\_\_\_ day of \_\_\_\_\_, 2026.

\_\_\_\_\_  
Alice Ruby, Mayor

ATTEST:

[SEAL]

\_\_\_\_\_  
Abigail Flynn, City Clerk