



## CODE REVIEW COMMITTEE MEETING

Thursday, May 19, 2022 at 5:30 PM

### MINUTES

#### CALL TO ORDER

The Code Review Committee met on Thursday, May 19, 2022, in the Dillingham City Council Chambers, and via video conferencing, in Dillingham, AK. Council Member Chris Napoli chaired the meeting and called the meeting to order at 5:30 p.m.

#### ROLL CALL

Committee Members present and establishing a quorum (a quorum being four):

Mayor Alice Ruby	Chris Napoli	Kaleb Westfall
Lori Goodell	Michael Bennett	Robert Mawson

#### APPROVAL OF MINUTES

1. Minutes of February 10, 2022; Code Review Committee Meeting

MOTION: Alice Ruby moved and Robert Mawson seconded the motion to approve the February 10, 2022 minutes.

VOTE: There were no objections.

#### APPROVAL OF AGENDA

MOTION: Alice Ruby moved and Robert Mawson seconded the motion to approve agenda.

VOTE: There were no objections.

#### UNFINISHED BUSINESS

2. Review Dillingham Municipal Code 4.20.050; Exemptions

Material for reference DMC 4.20.050, Sales Tax Exemption Log, and Sales Tax Reporting Form.

- DMC 4.20.050:
  - (A) Air travel. No reports submitted so no tracking of impact. Does this exemption apply to passengers and freight? Legal interpretation requested.
  - (B) Banking. No tracking. This exemption is standard.
  - (C) Casual and Isolated Sales. Better definitions needed. Goal is to allow exempt infrequent craft type sales, and not create loophole for hiding under this category. Legal evaluation requested.
  - (D) Child Care Services. Item is not reportable.
  - (E) City Sales. Generally fees include taxes.
  - (F) Dues and Fees. Generally not a taxable item.
  - (G) Electricity, Internet & Telephone. Service not located in Dillingham, not subject to Dillingham tax.
  - (H) Federal & State Prohibitions. Required by law. Tracked on sales tax reporting form.

- (I) Fish. As listed in DMC 4.21, not reported on forms.
- (J) Funeral. Not reported on forms.
- (K) Government and Tribal Entities. Item is tracked on forms. Exemption cards are provided and used at point of sale.
- (L) Health and Medical. List is very specific and not tracked on form.
- (M) Insurance. Nontaxable item.
- (N) Newspapers. Nontaxable item.
- (O) Nonlicensed Business. Defined in DMC 4.16. Determine how Wayfair, remote sales tax correlates. Consider using physical presence instead of store front. Legal interpretation requested.
- (P) Nonprofit Organizations. Applies to items used to conduct non-profit business only. This is tracked on the city form.
- (Q) Professional Services. Does this item need further clarification? Do auditors pay sales tax when they do audit for other entities? Legal interpretation requested.
- (R) Public Food. Not recorded.
- (S) Resale. A resale card is issued and required a point of sale. Item is tracked on the city form.
- (T) Tax Cap. Was established to help local businesses remain competitive with Anchorage / Seattle pricing on one time, large purchases i.e., snow machines, ATV, etc. Item is tracked on city form. Legal assessment requested.
- Need to consider how the Wayfair decision interacts with sales tax exemptions.
- Determine if original intent of exemption is still relevant, realistic and working. Who truly benefits from exemption?
- Consider how technologies, and additional purchasing methods impact exemptions.
- Review economic impact on local economy. Update reporting form to include all exemptions.
- Not all exemptions listed in code are tracked on reporting forms. Loss of data creates no way to verify impact of revenue losses.
- Audit records for businesses operating on native land. Are we capturing all, and applying taxation correctly?
- Research what other communities are doing.

### 3. To-Do List

Item 1. Casual and Isolated Sales. Taken care of with review of 4.20.050. REMOVE.

Item 2. Potential partners. On council strategic plan. REMOVE.

Item 3. DMC 3.70, ongoing discussion with city attorney. Will come to committee when more information is received.

Item 4. DMC 4.20.050, in progress.

### **PUBLIC COMMENT/COMMITTEE COMMENTS**

- Accepting donations is an administrative process. Not necessary to have in code. State laws and regulations to be adhered to. The playground equipment donation involved land use issue.
- Kaleb noted it was good to be back and see everyone.
- Michael stated work has been busy, but he will do his best to attend all meetings.
- June 9, 2022 is the next regularly scheduled Code Review Committee meeting.

**ADJOURNMENT**

The meeting adjourned at 7:12 p.m.



Chris Napoli, Chair

ATTEST:



Lori Goodell, City Clerk

Approval Date: Aug. 18, 2022