



Memorandum

To: Nome Common Council
From: Bryant Hammond, City Clerk
Date: March 30, 2021
RE: Clarification on Sales Tax for Permits

NCO 17.10.020(c)(1) provides an exception to sales tax for services and construction materials for actual use and either consumption or absorption in a construction project for which a building permit has been issued.

In practice, building and remodel permits have garnered a sales tax exception under NCO 17.10.020(c) 1. The Clerk's Office keeps and distributes a list of building and remodel permits to Grizzly Building Supply, Builders Industrial, and companies that may be performing work in relation to a building or remodel permit and has done so since before 2015.

The question of whether or not a Mechanical/Electrical permit was covered under the exception came up on March 30th. While the Clerk's Office has historically only published building and remodel permits for the purposes of tax exemption, there exists an incongruity between code and practice. Building permits are the sole permits named in code, yet the Clerk's Offices treats remodel permits the same as building permits for tax exception purposes.

The Clerk's Office asks for Council clarification on whether the following permits should garner an exception to sales tax and whether a code change is required to specify such:

- Mechanical / Electrical
- Excavation / Fill
- Demolition
- Move