

**PETERSBURG BOROUGH
ORDINANCE #2024-17**

**AN ORDINANCE AMENDING VARIOUS SECTIONS OF CHAPTER 4.28
OF THE PETERSBURG MUNICIPAL CODE, ENTITLED SALES TAX,
TO ADD DEFINITIONS AND RULES REGARDING PARTICULAR
BUSINESSES, AND TO SPECIFY SALES TAX EXEMPTIONS
REQUIRED BY LAW**

WHEREAS, Chapter 4.28, section .020, *Definitions*, does not contain definitions regarding short term occupancy or certain other rentals, certain digital goods and services, and travel agency services, which would be beneficial to have stated in the Borough Code;

WHEREAS, the Borough applies several rules regarding real estate commissions and certain rentals in regard to sales taxation, that would also be beneficial to have set out in the Borough Code; and

WHEREAS, there are a number of sales tax exemptions, some currently located in 4.28.120, *Exemptions*, and some not currently stated in the Code, that are mandatory upon the Borough, as set out in federal law, or the state constitution or statutes, and it would be helpful to have those explicitly set out in their own section of Chapter 4.28.

THEREFORE, THE PETERSBURG BOROUGH ORDAINS, Chapter 4.28, *Sales Tax*, of the Petersburg Municipal Code, is hereby amended by (A) adopting new sections 4.28.115, *Rules applicable to particular businesses or occupations*, and 4.28.125, *Tax Exemptions required by law*, and (B) amending sections 4.28.020, *Definitions*, and 4.28.120, *Exemptions*, as follows:

Section 1. Classification: This ordinance is of a general and permanent nature and shall be codified in the Petersburg Municipal Code.

Section 2. Purpose: The purpose of this ordinance is to amend various sections of Chapter 4.28, *Sales Tax*, to address certain rental definitions and rules, and add in provisions regarding tax exemptions required by federal or state law.

Section 3 Substantive Provisions: Chapter 4.28 is hereby amended as follows. The language proposed for addition is **underlined and bolded**, and the language proposed for deletion is ~~struck through~~.

A. Amendment. Section 4.28.020, *Definitions*, is hereby amended by adding the following new definitions into the Section, in alphabetical order, and adding new paragraphs 8 and 9 to the definition of "Services", as follows:

4.28.020 Definitions.

...

"Delivery network company" means a business that facilitates, through the use of an Internet website or mobile application, the delivery of products or services.

“Digital good” means any product delivered electronically (whether downloaded, streamed or subscribed to). A digital good generally takes the form of a license to use or store in a digital or electronic format. Digital goods are generally intangible property for purposes of this chapter.

“Digital service” means any service delivered electronically that uses one or more software applications. Digital service includes any service that primarily involves the application of human effort by the seller, and the human effort originated after the customer requested the service, provided the service is delivered electronically.

...

"Services" include all services of every manner and description provided in whole or part within the borough, that are performed or furnished for consideration whether in conjunction with the sale of goods or not, including but not limited to:

1. Professional services;
2. Services in which a sale of property or product may be involved, including property or products made to order;
3. Utilities and utility services not constituting a sale of property or products, including but not limited to sewer, water, solid waste collection or disposal, electrical, telephone services and repair, natural gas, cable or satellite television, and Internet services;
4. The sale of transportation services;
5. Services rendered for compensation by any person who furnishes any such services in the course of his trade, business, or occupation, including all services rendered for commission;
6. Advertising, maintenance, recreation, amusement, and craftsman services; ~~and~~
7. Travel and adventure services and delivery services-; **and**
- 8. The rental of goods, equipment, vehicles, vessels, residential lodging, and commercial structures or other buildings and spaces therein; and**

9. Digital Services

“Short Term Occupancy” includes all rentals for lodging less than 30 days.

...

“Travel Agency Services” means arranging or booking for a commission, fee or other consideration, vacation or travel packages, rental car, tours or other travel reservations or accommodations, tickets for domestic or foreign travel by air, ship, rail, bus or other medium of transportation, or hotel or other lodging accommodations.

...

B. New Section. A new section, 4.28.115, entitled *Rules applicable to particular businesses or occupations*, is hereby added, to read as follows:

4.28.115 Rules applicable to particular businesses or occupations.

A. Real Estate Sales Commissions. Commissions and/or realtor fees for the sale, rental or management of real property located in the borough are subject to sales tax regardless of the location of the person to whom the commission and/or fee is payable.

B. Rentals for storage of goods. Fees or charges for storage of goods, or for providing a space for such storage, are subject to borough sales tax except where an entire structure or building is being rented for such storage.

C. Sale of Services delivered to a buyer physically located outside the Borough. Unless otherwise exempted under section 4.28.120, fees and charges for the sale of services that are performed in whole or in part within the Borough are subject to the sales tax regardless of the location of the buyer. These include fees charged for brokerage and bookkeeping services.

D. Sale of Services Invoice Period. The invoice period for the sale of services shall not exceed thirty (30) days. This applies to all services, including construction- and building-related services.

E. Short Term Occupancy Rentals. Each night of lodging rental shall be considered a separate transaction; therefore the maximum tax computation shall be calculated on a per room per night basis.

C. Amendment. Section 4.28.120, *Exemptions*, is hereby amended by deleting paragraphs O. and P., regarding certain state-exempt food stamp or coupon purchases, and moving those to new section 4.28.125, and relettering paragraph S, as paragraph O, as follows:

4.28.120 Exemptions.

The following sales and services are exempt from said sales tax:

[There are no changes to paragraphs A-N]

~~O. Exemptions as required by state law which prohibits the collection of a sales tax on purchases made with food coupons, food stamps or other type of certificate issued under the Food Stamp Act;~~

~~P. Food purchases under the special supplemental food program for Women, Infants and Children (WIC);~~

...

OS. Gross receipts derived from borough department of parks and recreation programs;

D. New Section. A new section, 4.28.125, entitled *Tax exemptions required by law*, is hereby added, to read as follows:

4.28.125 Tax exemptions required by law.

The borough is prohibited by law from imposing its sale tax on the following:

1. Sales to federally chartered credit unions or credit unions organized under Alaska Statutes Chapter 06.45 (12 U.S.C. §1768; A.S. 06.45.230).

2. Sales to the Alaska Life and Health Insurance Guaranty Association (A.S. 21.79.130).

3. Sales to the Alaska Insurance Guaranty Association (A.S. 21.80.130).

4. Purchases made with (a) food coupons, food stamps, or other type of allotment issued under 7 USC §§2011—2036 (Food Stamp Program), or (b) food instruments, food vouchers or other type of certificate issued under 42 USC §1786 (Special Supplemental Food Program for Women, Infants, and Children) (A.S. 29.45.650(f)).

5. A construction contract awarded by the State of Alaska, or agency of the State of Alaska, or on a subcontract awarded in connection with the project funded under the construction contract (A.S. 29.45.650(k)).

6. Sales to the United States, or to the State of Alaska or its political subdivisions (Art. IX. §4, AK Constitution). Political subdivisions include the Petersburg Borough and its School District and Medical Center.

7. Air transportation of individuals or goods by a federally certified air carrier (A.S. 29.45.820).

Section 4. Severability: If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected.

Section 5. Effective Date: This ordinance shall be effective upon adoption.

PASSED AND APPROVED by the Petersburg Borough Assembly, Petersburg, Alaska this ____ day of _____, 2024.

Mark Jensen, Mayor

ATTEST:

Debra K. Thompson, Borough Clerk

Adopted:
Noticed:
Effective: