

**PETERSBURG BOROUGH, ALASKA
ORDINANCE #2024-10**

**AN ORDINANCE AMENDING SECTION 4.28.120 OF THE
PETERSBURG MUNICIPAL CODE, TO INCREASE THE AMOUNT OF
SALES TAX THAT CAN BE COLLECTED ON A SINGLE SALES
TRANSACTION FROM \$72 TO \$300, AND DIRECTING THAT THE
PROPOSED AMENDMENT BE SUBMITTED TO THE QUALIFIED
VOTERS OF THE BOROUGH**

WHEREAS, the Petersburg Municipal Code (PMC), in the exemptions found at sections 4.28.120D and E, currently sets the maximum sales tax which can be collected on a specific job or task, or on a single purchase (defined as purchases made at the same time or within a 24 hour transaction period) at \$72.00; and

WHEREAS, currently, the total amount of any single purchase of goods or services subject to the Borough sales tax is limited to a total amount of \$1,200 and any sums exceeding \$1,200 are tax-free; and

WHEREAS, this maximum single purchase amount was initially established in Petersburg in 1959, and set at \$1,000; and

WHEREAS, if that maximum had kept pace with inflation since its inception, it would now be close to \$10,500; and

WHEREAS, this maximum amount has been raised only once in the last 65 years, when it was increased from \$1,000 to \$1,200, in 2002; and

WHEREAS, Petersburg has the lowest maximum taxable single purchase amount in Southeast Alaska, and most other Southeast communities limit the purchase to a single item only and not to a total purchase transaction, or have no maximum limit at all.

<u>Community:</u>	<u>Maximum Tax Collected:</u>	<u>Maximum Taxable Amount:</u>
Petersburg	\$ 72	\$1,200 Transaction
Craig:	No Cap	Full Sales Price (except a vehicle)
Haines:	\$550 \$275 No Cap	\$10,000 (single item only ¹) \$ 5,000 (single service) Transaction

¹ 'Single item only' means that the community does not permit an exemption for all transactions within a specified period of time - only a single unit purchase exemption.

<u>Community:</u>	<u>Maximum Tax Collected:</u>	<u>Maximum Taxable Amount:</u>
Juneau:	\$715 No Cap	\$14,300 (single item or service only) Transaction
Ketchikan: (both city/borough):	\$160 (Apr-Sep)/ \$110 (Oct-Mar) No Cap	\$2,000 (single item or service only) Transaction
Sitka:	\$600	\$12,000 (single item/service/transaction)
Thorne Bay	\$450 No Cap	\$7,500 (single item) Transaction
Wrangell	\$210	\$3,000 (single item /service/ transaction)

; and

WHEREAS, if Petersburg increases its maximum taxable transaction amount to \$5,000 from the current amount of \$1,200, the maximum sales tax collectible would increase from \$72 to \$300, and it would still be one of the lowest maximums in Southeast Alaska; and

WHEREAS, by increasing the maximum taxable amount to \$5,000, the Borough will be able to raise funds to support important governmental services, including the Petersburg School District; and

WHEREAS, in the current climate of increased expenses and shrinking state revenues, and considering that the maximum taxable amount has been adjusted only once in the past 65 years (with no changes for over two decades), a modest increase is reasonable; and

WHEREAS, the Assembly proposes this increase to help offset the loss of State funding and to support Borough services, including the Petersburg Schools; and

WHEREAS, under the Borough charter, sec. 12.02B, any change in the exemptions to the sales tax are to be made by ordinance, and ratified by a majority of the qualified borough voters; and

WHEREAS, it is the intent of the Borough Assembly to adopt this increase, and put the matter before the qualified voters of the Borough at the next regular election.

THEREFORE, THE PETERSBURG BOROUGH ORDAINS, Paragraphs D and E, Section 4.28.120, *Exemptions*, of Chapter 4.28, Sales Tax, of the Petersburg Municipal Code, are hereby amended 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 increase the maximum sales tax that can be collected on a single purchase of goods or services from \$72 to \$300.

Section 3 Substantive Provisions: Paragraphs D and E of Section 4.28.120 of the Petersburg Municipal Code, entitled *Exemptions*, are hereby amended as follows. The language proposed for addition is **underlined and bolded**, and the language proposed for deletion is ~~struck through~~.

4.28.120 Exemptions.

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

[There are no changes to paragraphs A-C]

D. That part of a sale of goods over **\$5,000.00** ~~\$1,200.00~~ when all items purchased or delivered at the same time or within a 24-hour period are added together;

E. That part of a sale of services over **\$5,000.00** ~~\$1,200.00~~ for a specific job or task. Invoices for sales of services shall be computed for tax purposes monthly;

Section 4. Submittal to Voters:

A. In accordance with subsection 12.02B of the Borough Charter, the Borough Clerk shall submit this ordinance as a single proposition to the voters of the Borough at the next regular election, to be held on October 1, 2024.

B. The proposition to be submitted to the voters shall read substantially as follows:

Proposition #____

Increasing the maximum sales tax that can be collected on a single purchase of goods or services from \$72 to \$300.

Shall Paragraphs D and E of Section 4.28.120, *Exemptions*, of the Borough Code be amended to increase the maximum sales tax that can be collected on a single purchase of goods or services from \$72 to \$300?

- YES
- NO

This change would affect only transactions over \$1,200. If this proposition is approved, the maximum amount of a transaction that is subject to the Borough's 6% sales tax would increase from \$1,200 to \$5,000, thus increasing the maximum sales tax due from \$72 to \$300.

The Assembly proposes this sales tax modification to help offset an increase to future property taxes.

Section 5. 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 6. Effective Date: This ordinance shall be effective upon adoption. The proposed amendment to PMC 4.28.120, if approved by the voters, shall become effective January 1, 2025.

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: