

I move to amend Ordinance Serial No. 19-092 to remove all exemptions not required by the Constitutions and Laws of the United States and the State of Alaska.

To this end, I move to

- amend MSB 3.35.020, Definitions, by striking the definitions for "Shipping and freight hauling services" and "U.S. postage";
- amend MSB 3.35.050, Exemptions, by:
  - striking the following subsections: (A)(1) through (6), (A)(8) through (11), (A)(14) through (21), and strike sections (B) and (C) in their entirety;
  - inserting new subsections (A)(14) and (A)(15); and
  - directing the Clerk to renumber section (A);
- strike section MSB 3.35.080, Certificate of Exemption, in its entirety; and
- amend MSB 3.35.190, Violations, Remedies, by striking subsection (A)(8) that reads: (8) A buyer giving false information when applying for a certificate of exemption, or using a certificate of exemption in a transaction that was not exempt from sales tax under the exemption for which the certificate was issued.

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Below shows the exemptions that would be remaining and the addition of (A)(14) and (A)(15).

### **3.35.050    EXEMPTIONS.**

(A) The following transactions are exempt from sales tax:

~~(1) Sales of real property and interests in real property.~~

~~(2) Casual and isolated sales, rentals or services, not made:~~

~~(a) In the ordinary course of business; or~~

~~(b) Pursuant to a business license; or~~

~~(c) By sellers representing themselves to be in the business of making such retail sales, rentals, or services.~~

~~(3) Sales of securities, insurance and bonds of guaranty and fidelity.~~

~~(4) The following fees charged by banks, savings and loan associations, credit unions, and investment banks:~~

~~(a) Fees associated with deposit accounts, including service fees, monthly account fees, non-sufficient funds (NSF) fees, and attachment fees.~~

~~(b) Fees for the purchase of bank checks, money orders, travelers checks, foreign currency, and similar products for payments.~~

~~(c) Fees for, or commissions on, the sale, exchange or transfer of currency, stocks, bonds, and other securities.~~

~~(d) Fees for the use of automatic teller machines and for transactions made through automatic teller machines, notary fees, and overdraft protection fees.~~

~~(e) Loan transaction fees and escrow collection services.~~

~~(f) Safe deposit box rentals or fees.~~

~~(5) Contracts to transport elementary or secondary school students to and from school.~~

~~(6) Sales of food in lunchrooms or cafeterias in elementary, secondary or post-secondary schools that are operated primarily for the convenience of school students and faculty, and not operated for profit.~~

(7) Sales, rentals, or services which the borough is prohibited from taxing by the constitutions or statutes of the United States and the State of Alaska.

~~(8) Sales of subscriptions to newspapers and other periodicals.~~

~~(9) Sales, rentals, and services to the United States, the State of Alaska, and any of their agencies, instrumentalities, or political subdivisions.~~

~~(10) Dues or fees to nonprofit clubs, labor unions, or fraternal organizations.~~

~~(11) Sales of admission to school entertainments, school athletic events, and events conducted for the benefit of charitable or community organizations. Retail sales by a school sanctioned activity group raising funds for its approved purpose. This exemption does not apply to sales of gaming property.~~

(12) Sales related to orbital space facilities, space propulsion systems, space vehicles, satellites or stations, to the extent of the exemption required by AS 29.45.650(h).

(13) All purchases made with (i) food coupons, food stamps, or other type of allotment issued under 7 U.S.C. 2011-2036

(Food Stamp Program); or (2) food instruments, food vouchers, or other type of certificate issued under 42 U.S.C. 1786 (Special Supplemental Food Program for Women, Infants or Children) are exempt. For purposes of this subsection, the value of a food stamp allotment paid in the form of a wage subsidy as authorized under AS 47.25.975(b) is not considered to be an allotment issued under 7 U.S.C. 2011-2036 (Food Stamp Program) to the extent of the exemption required by AS 29.45.650(f).

(14) Sales related to (1) the physical transfer of refined fuel, unless the transfer is made in connection with a sale or use in the borough, or (2) wholesale sales or transfers of fuel refined in the borough to the extent of the exemption required by AS 29.45.650(i). For purposes of this subsection, a sale is in the borough if the fuel is delivered to the buyer in the borough and a use is in the borough if the fuel is consumed in the borough.

(15) Sales related to a construction contract awarded by the state or a state agency, or on a subcontract awarded in connection with the project funded under the construction contract to the extent of the exemption required by AS 29.45.650(k).

~~(14) Residential rentals for a term of 30 or more consecutive days.~~

~~(15) Child and adult daycare services, pre-elementary school, and babysitting services.~~

~~(16) Sales of cemetery plots, caskets, funeral and burial related goods and services by a funeral home.~~

~~(17) Human health care services provided by a health care provider licensed by the State of Alaska under Title 8 of the Alaska Statutes, and sales of property and services pursuant to a prescription or written order from such a person.~~

~~(18) Sales and rentals of hearing aids, crutches, wheelchairs and personal apparatus specifically manufactured for a patient.~~

~~(19) U.S. Postage and shipping and freight hauling services that originate in the Matanuska-Susitna Borough but the end destination is outside the limits of the Matanuska-Susitna Borough.~~

~~(20) Assisted living services provided in accordance with an assisted living plan and in an assisted living home licensed as such by the State of Alaska.~~

~~(21) Sales of goods and services provided under a warranty or service contract, whether performed by the manufacturer or authorized representative of the manufacturer, and charged to a third-party warrantor for repairs, major maintenance, or both. The initial purchase of warranty or service contract would be taxed at the time of purchase. Any portion of repair paid by the customer through a deductible or other means would not be exempt under this section.~~

~~—(B) The following transactions are exempt from sales tax, provided, that the buyer presents to the seller at the time of the sale transaction a valid certificate of exemption applicable to the transaction, issued to the buyer under MSB 3.35.080:~~

~~(1) Sales to a dealer in the property sold, for the purpose of resale by the dealer.~~

~~(2) Sales of raw material to a manufacturer, which raw material becomes an ingredient or component part of a manufactured product or a container thereof, or is consumed in the manufacturing process.~~

~~(3) Sales of tangible personal property that either will be consumed in the course of construction or become part of real property, and rentals of equipment or services by a licensed contractor under Chapter 8.18 of the Alaska Statutes, to an owner of real property for use in the original construction of, or renovations to, improvements to the real property. This exemption does not apply to sales of tangible personal property, or rentals of equipment, that are to be used in repairing or maintaining real property.~~

~~(4) Sales of tangible personal property that either will be consumed in the course of construction or become part of real property, and rentals of equipment or services by a licensed contractor under Chapter 8.18 of Alaska Statutes, to a person licensed as a contractor under Chapter 8.18 of the Alaska Statutes~~

~~for use in the original construction of, or renovations to, improvements to real property. This exemption does not apply to sales of tangible personal property, or rentals of equipment, that are to be used in repairing or maintaining real property.~~

~~(5) Sales, rentals, and services to a person that the Internal Revenue Service recognizes as an organization described in Section 501(c)(3), 501(c)(4) or 501(c)(19) of the Internal Revenue Code; provided, that the sale, rental or service is not for use in an "unrelated trade or business" of the person, as that term is defined in Section 513 of the Internal Revenue Code.~~

~~(6) Sales, rentals, and services to a church that is organized as a nonprofit corporation under the laws of the State of Alaska.~~

~~(7) Sales of food supplies to food service establishments for incorporation into food products to be sold to the public.~~

~~(8) Sales of food supplies to hospitals, institutions housing six or more residents, and schools.~~

~~(9) Services sold for resale when the services are directly integrated into services or goods sold by the buyer located within the Matanuska-Susitna Borough and registered with the sales tax administrator, to another purchaser in the normal course of business, provided that the services are purchased separately for resale, and the services are identified, charged~~

~~for and billed for separately without markup from any other services.~~

~~(C) The following transactions are exempt from sales tax; provided, that the seller has at the time of the transaction a valid certificate of exemption applicable to the sales transaction, issued to the seller under MSB 3.35.080:~~

~~(1) Sales, rentals, and services by a person that the Internal Revenue Service recognizes as an organization described in Section 501(c)(3), 501(c)(4) or 501(c)(19) of the Internal Revenue Code; provided, that the sale, rental or service is not part of an "unrelated trade or business" of the person, as that term is defined in the Internal Revenue Code.~~