

CODE ORDINANCE

Sponsored by: Assemblymember Kowalke
Introduced: 01/16/18
Public Hearing: 02/06/18
Amended: 02/06/18
Adopted: 02/06/18

**MATANUSKA-SUSITNA BOROUGH
ORDINANCE SERIAL NO. 18-005**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMENDING MSB 3.70, TO ESTABLISH A SALES TAX EXEMPTION WITHIN SERVICE AREA NO. 36: TALKEETNA SEWER AND WATER SERVICE AREA SO THAT ONLY THE FIRST \$1,000 OF A SALE IS SUBJECT TO THE SERVICE AREA SALES TAX.

WHEREAS the intent for this ordinance is found in the accompanying Informational Memorandum No. 18-012.

BE IT ENACTED:

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the Borough Code.

Section 2. Adoption of section. MSB 3.70.035, is hereby adopted to read as follows:

3.70.035 MAXIMUM TAX PER TRANSACTION.

(A) Only the first \$1000 of the price in each transaction shall be subject to sales tax; provided, that a single payment for the sale or rental of property, or the rendering of a service, over a period exceeding one month shall be allocated pro rata to each one-month period or part thereof during the term of the transaction, and the first \$1000 of the price allocated to each such period shall be subject to sales tax;

provided also, that a single payment for the sale or rental of property, or the rendering of a service where the service is received by more than one individual shall be allocated pro rata to each individual receiving the service of the transaction, and the first \$1,000 of the price allocated to each such individual shall be subject to sales tax.

(B) The payment of rent, whether for real or personal property, in excess of \$1000, and for more than one month shall be treated as separate transactions covering the rental for one month each. A transaction involving payment for services to be rendered or delivered over a period of more than one month for a consideration in excess of \$1000 shall be treated as separate transactions occurring one each month over the period of time that the service is rendered.

(C) Each night of each individual room rental shall be considered a separate transaction and therefore the maximum tax computation shall be calculated on a per room per night basis.

(D) Capital leases. Contracts to purchase the property at the end of a lease shall be treated as a sale on the effective date of the contract and are subject to the maximum tax per transaction pursuant to MSB 3.70.035(A).

(E) Other lease types. Leases that have an option to purchase at the end of the lease are taxed on the principal amount of each lease payment for the term of the lease. If the purchase is made at the end of the lease, the purchase transaction would be treated as another separate transaction. Interest and financing charges related to the lease payment are not subject to tax.

(F) Installment payments. When payments for a single transaction are made on an installment basis the sales tax on the transaction shall be collected on the first payment.

Section 3. Amendment of Section. The sentence at the end of the schedule of tax in MSB 3.70.100(B)(2), is hereby amended as follows:

Over \$3.50, continue on same scale up to one thousand dollars (\$1000.00).

Section 4. Effective date. This ordinance shall take effect upon adoption.

ADOPTED by the Matanuska-Susitna Borough Assembly this 6 day of February, 2018.


VERN HALTER, Borough Mayor

ATTEST:


LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)



PASSED UNANIMOUSLY: Sykes, McKee, Leonard, Mayfield, Doty, and Kowalke

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