

Code Ordinance

By: Finance Department
Introduced: October 28, 2019
Public Hearing: November 25, 2019
Adopted: November 25, 2019
Yes: Burney, Dryden, Graham, Harvey, Ledford, Velock
No: None
Absent: None

**City of Wasilla
Ordinance Serial No. 19-28**

An Ordinance Of The Wasilla City Council Decreasing The City's Sales Tax Rate From Three Percent To Two And One-Half Percent Effective December 1, 2019.

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

Section 2. Amendment of section. WMC 5.16.030, Levy of tax, is hereby amended to read as follows:

Subject to the remainder of this chapter, a tax of ~~three percent of the price is levied on all sales, rentals and services made in the city until December 31, 2019, or until \$12,000,000 is available, whichever is earlier; and a tax of two and one-half percent of the price is levied on all sales, rentals and services made in the city thereafter.~~

Section 3. Amendment of section. WMC 5.16.100 (B) and (D), within Collection of sales tax – Addition and separate statement - Exceptions, is hereby amended to read as follows:

B. Except as provided in subsection (C) or (D) of this section:

1. The seller shall add the sales tax to the price or charge for the sale, rental or service, showing the tax as a separate and distinct item on any receipt, invoice, statement of account, or other record of the transaction. The sales tax on more than one separately priced item may be shown as a total tax on the

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aggregate price of all items sold or rented, or services rendered, in a single transaction.

2. The amount of sales tax to be added to the price of a sale, rental or service shall be determined in accordance with the following schedule:

Effective January 1, 2018, through December 31, 2019, or until \$12 Million Is Collected	
<u>3% Price of Sale, Rental or Service</u>	<u>Tax</u>
<u>Under \$0.15</u>	<u>None</u>
<u>\$0.16 through \$0.49</u>	<u>\$.01</u>
<u>\$0.50 through \$0.83</u>	<u>\$.02</u>
<u>\$0.84 through \$1.16</u>	<u>\$.03</u>
<u>\$1.17 through \$1.49</u>	<u>\$.04</u>
<u>\$1.50 through \$1.83</u>	<u>\$.05</u>
<u>\$1.84 through \$2.16</u>	<u>\$.06</u>
<u>\$2.17 through \$2.49</u>	<u>\$.07</u>
<u>\$2.50 through \$2.83</u>	<u>\$.08</u>
<u>\$2.84 through \$3.16</u>	<u>\$.09</u>
<u>\$3.17 through \$3.49</u>	<u>\$.10</u>
<u>Over \$3.50, continue on same scale up to \$500.00.</u>	

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Effective after December 31, 2019, or until \$12 Million Is Collected <u>Effective December 1, 2019</u>	
2.5% Price of Sale, Rental or Service	Tax
Under \$0.19	None
\$0.20 through \$0.59	\$.01
\$0.60 through \$0.99	\$.02
\$1.00 through \$1.39	\$.03
\$1.40 through \$1.79	\$.04
\$1.80 through \$2.19	\$.05
\$2.20 through \$2.59	\$.06
\$2.60 through \$2.99	\$.07
\$3.00 through \$3.39	\$.08
\$3.40 through \$3.79	\$.09
\$3.80 through \$4.19	\$.10
Over \$4.20, continue on same scale up to \$500.00.	

3. A seller may not assume, fail to add to the price or charge for a sale, rental or service, or refund to the buyer all or part of the sales tax, or advertise or represent to any person that the seller will do so.

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C. Sales tax on sales of gaming property and sales from coin-operated machines is not added to the sales price and collected with each transaction, but is computed and paid as provided in WMC 5.16.045.

D. When it is not feasible for the seller to show the sales tax on each transaction as a separate and distinct item, the seller may elect to remit to the city an amount equal to the seller's gross receipts divided by ~~1.03~~ **1.025** and multiplied by ~~0.03~~ **.025** in lieu of stating sales tax separately and adding it to the sales price. A seller makes this election for a calendar year by so indicating on its application for a city business license. A seller who has made this election shall include in each sign that displays prices to its customers a notice, in type no smaller than the type in which prices are displayed, stating, "All prices include ~~3~~ **2.5** percent City of Wasilla sales tax."

Section 4. Amendment of section. WMC 5.16.210 within Property tax limit – Use of sales tax, is hereby amended to read as follows:

A. *Property Tax Limitation.* The ~~three~~ **two and one-half** percent city sales tax levy is conditioned on the city property tax levy being limited to a maximum of two mills. ~~The three percent tax will be levied until December 31, 2019, or until \$12,000,000 is collected, whichever is earlier and will decrease to two and one half percent of the price levied on all sales, rentals, and services made in the city thereafter.~~

B. *Allocation of Sales Tax Proceeds.* Sales tax collected under WMC 5.16.030 shall be allocated as follows: ~~Immediately following the three~~

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percent tax, the two **Two** and one-half percent city sales tax levy is on the condition that sales tax first be appropriated to fund a police department and the remaining tax be appropriated through the ordinary public budget process.

~~1. One third of the sales tax collected under WMC 5.16.030 shall be allocated to a dedicated account restricted to fund the construction of and equipping a new Wasilla police department facility.~~

~~2. Two thirds of the sales tax collected under WMC 5.16.030 shall be allocated to the general fund to be appropriated as determined by the city council.~~

Section 5. Effective date. This ordinance shall take effect December 1, 2019.

ADOPTED by the Wasilla City Council on November 25, 2019.


BERT L. COTTLE, Mayor

ATTEST:


JAMIE NEWMAN, MMC, City Clerk

[SEAL]

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CITY COUNCIL LEGISLATION STAFF REPORT

Ordinance Serial No. 19-28: An Ordinance Of The Wasilla City Council Decreasing The City's Sales Tax Rate From Three Percent To Two And One-Half Percent Effective December 1, 2019.

Originator: Troy Tankersley, Finance Director

Date: 10/4/2019

Agenda of: 10/28/2019

Route to:	Department Head	Signature	Date
X	Chief of Police		10/15/19
X	Public Works Director		10/14/19
X	Recreation Services Director		10/16/19
X	Finance Director		10/9/19
X	Deputy Administrator		10/10/19
X	City Attorney		10/21/19
X	City Clerk		10/17/19

Reviewed by Mayor Bert L. Cottle:

 10/17/2019

Fiscal Impact: yes or no

Funds Available: N/A

Account name/number: N/A

Attachments: Ordinance Serial No. 19-28 (5 pages)

Summary Statement: Through Council adopting Ordinance Serial No. 17-15(AM) on July 24, 2017, the voters approved a three percent sales tax rate increase from the current two percent rate. The additional one percent was to be set aside in a restricted account to fund the construction and equipment of a new police building. The measure additionally called for the rate to sunset to two and one-half percent on December 31, 2019, or when \$12 million dollars had been collected.

The collections from the additional one percent sales tax are anticipated to achieve the \$12 million dollars prior to December 31, 2019, more specifically sometime in late October or November 2019. Therefore, the finance department has sent notice to businesses to change the sales tax rate to two and one-half percent effective December 1, 2019.

Staff Recommendation: Introduce and set the ordinance for public hearing.