

**City of Wasilla
Ordinance Serial No. 20-21**

An Ordinance Of The Wasilla City Council Amending Wasilla Municipal Code (WMC) Chapter 5.16 Sales Tax And WMC Chapter 6.04 Business Licenses Generally To Create Clarity And Uniform Provisions For The Collection And Remittance Of Sales Tax.

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

Section 2. Amendment of Subsections. WMC 5.16.035(B) and (C), within Maximum tax per transaction, are hereby amended to read as follows:

B. **Services rendered over one month.** The payment of rent, whether for real or personal property, in excess of \$500.00, 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 \$500.00 shall be treated as separate transactions occurring one each month over the period of time that the service is rendered.

C. **Short term rentals.** 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.

Section 3. Adoption of Subsections. WMC 5.16.035(G) and (H), within Maximum tax per transaction, are hereby adopted to read as follows:

G. **Product with Service Transactions. Sales of products and services in excess of \$500.00 are exempt when the product and service are**

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billed or invoiced together and the service is directly related or integral to the product purchased, such as delivery, installation, warranty or repair.

H. Service Transactions. Each separate service over \$500.00 shall be exempt whether invoiced or paid individually or collectively for a period. The following are separate service transactions:

1. Services rendered intermittently.
2. Services rendered at multiple locations.
3. Services rendered to multiple persons.

Section 4. Amendment of Subsections. WMC 5.16.050(15) and (17), within Exemptions, are hereby amended to read as follows:

15. Residential rentals for a term of 30 or more consecutive days. **This exemption does not apply to the following:**

- a. Rental units designed for commercial purpose.
- b. Rental units designed for mixed residential and commercial use.
- c. Rental agreements designed to avoid sales tax, including, more than one rental agreement for units on the same property or adjoining properties, more than one rental agreement to the same person on the same property or adjoining properties, and/or rental agreements where the residential rental rate is disproportionate to the average market rental rates for similar rentals within the city.

17. Sales of cemetery plots, caskets, funeral- and burial-related goods and services, ~~by a funeral home.~~

Section 5. Amendment of section name and adoption of subsection. WMC 5.16.130, Duties upon cessation or transfer of business, is hereby amended to read as follows:

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5.16.130 Duties upon cessation or transfer of business – Successor liability – Personal liability.

E. Any officers, agents, members, managers, or partners of a corporation, limited liability company (LLC), limited liability partnership (LLP), partnership, limited partnership (LP), that have control of, supervision of, or are charged with the responsibility of filing sales tax returns or remitting sales taxes are personally liable for any unpaid sales taxes, penalties, interest, fees and costs accruing and unpaid to the city. Dissolution, or sale of the business or other change in the form of the corporation, LLC, LLP, partnership, or LP does not discharge this liability. The signature of any officer, member, manager, or partner on returns or negotiable instruments submitted in payment of taxes is prima facie evidence of their responsibility for remittance of sales tax.

Section 6. Amendment of Subsection. WMC 5.16.150(B), within Extension of time, waivers, forgiveness., is hereby amended to read as follows:

B. A penalty and/or fee assessed under WMC 5.16.120(D) for the delinquent remittance of sales tax or under WMC 5.16.180(F) for failure to file a sales tax return may be waived by the finance director, upon written application of the seller accompanied by a payment of all delinquent sales tax, interest, penalty and/or fee otherwise owed by the seller to the city, within 45 business days of the assessment of the penalty and/or fee. A seller may not be granted more than one waiver of penalty and/or fee under this subsection in any period of 24 12 consecutive months. The finance director shall report all such waivers of penalty and fees to the council in writing, at least once each calendar quarter.

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Section 7. Amendment of Subsection. WMC 5.16.180(F), within Estimated tax, is hereby amended to read as follows:

F. The amount of sales tax finally determined to be due under this section shall bear interest and penalty as provided in WMC 5.16.120, from the date that the sales tax originally was due, plus an additional civil penalty of ~~\$250.00~~ **\$50.00** for each calendar month for which the amount of sales tax that is due has been determined.

Section 8. Amendment of Subsection. WMC 5.16.210(B), within Property tax limit – Use of sales tax, is hereby amended to read as follows:

B. *Allocation of Sales Tax Proceeds.* Sales tax collected under WMC 5.16.030 shall be allocated as follows: 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~~ **shall** be appropriated **for all operations and capital projects** through the ordinary public budget process.

Section 9. Amendment of Section. WMC 6.04.015, License required, is hereby amended to read as follows:

No person may engage in business in the city without a current business license issued by the city under this chapter. A person engages in business in the city if the person maintains a permanent or temporary place of business within the city, **provides services inside the city, or meets physical presence requirements** ~~makes a transaction in the city~~ under WMC 5.16.040**(A)**.

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Section 10. Effective Date. This ordinance shall take effect upon adoption.

ADOPTED by the Wasilla City Council on May 11, 2020.


Bert L. Cottle, Mayor

ATTEST:


Jamie Newman, MMC, City Clerk


[SEAL]

City of Wasilla
Legislative Staff Report
Ordinance Serial No. 20-21
(Code Ordinance)

Amending Wasilla Municipal Code (WMC) Chapter 5.16 Sales Tax And WMC Chapter 6.04 Business Licenses Generally To Create Clarity And Uniform Provisions For The Collection And Remittance Of Sales Tax.

Originator: Troy Tankersley, Finance Director
Date: 4/15/2020

Agenda of: 4/27/2020

Route to:	Department Head	Signature	Date
X	Chief of Police		4-15-20
X	Public Works Director		4/15/20
X	Recreational Services Director		4-15-2020
X	Finance Director		4-15-20
X	Deputy Administrator		4/15/2020
X	City Attorney		4-17-20
X	City Clerk		4/15/2020
X	Mayor		4/16/2020

Fiscal Impact: yes or no

Attachments: Ordinance Serial No. 20-21 (5 pages)

Summary Statement:

On February 24, 2020 the Wasilla City Council passed Ordinance Serial No. 20-06 Amending Wasilla Municipal Code (WMC) 5.16 Sales Tax by adopting The Alaska Uniform Remote Seller Sales Tax Code by reference.

Subsequent review of WMC 5.16 Sales Tax and WMC 6.04 Business License Generally, requires some clarification, uniformity and parity between WMC 5.16, WMC 6.04 and the Alaska Uniform Remote Seller Sales Tax Code.

Amendment of Subsection. WMC 5.16.210 (B), within Property tax limit – Use of sales tax proposes to amend current code, adopted through Ordinance 01-31(SUB) on June 25, 2001 as the sales tax used for City of Wasilla operations and capital projects is allocated based on all city operations and capital projects, not necessarily giving rise from one department over another, but rather through the normal budgetary process and priorities set by Administration and Council.

Proposed Action: Introduce and set the Ordinance for public hearing.