



CITY OF WASILLA

290 E. HERNING AVE.
WASILLA, ALASKA 99654-7091
PHONE: (907) 373-9050
FAX: (907) 373-0788

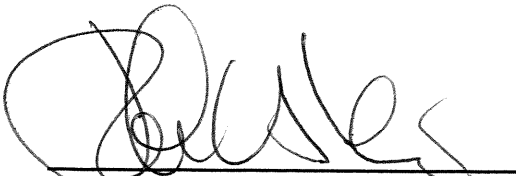
COUNCIL MEMORANDUM NO. 92-107

From: Mayor Stein
Date: September 17, 1992
Subject: Ordinance No. 92-29 (Substitute) - Sales Tax Regulations Suggested Amendments

Following the public hearings August 24 and September 14 and further staff review and analysis, we respectfully suggest the following:

- (1) Page 3 - 6.50.020 K 4 - Delete this paragraph to eliminate the \$1,500 floor and the related issue of collecting tax on the first \$1,500 if sellers had not anticipate exceeding that figure. Casual and isolated sales exemption would cover very small unlicensed "businesses". Tax liability on \$1,500 in sales is only \$30.
- (2) Requested amendment to eliminate tax on business to business services. Staff instructions from Council was to develop a general sales tax with fewest exemptions and easiest administration. To that end, the ordinance was designed based on the City of Palmer and Kenai Borough models using the "best" language and policies from each. Staff believes that appropriately exempted business to business transactions would presently fall into the "wholesale" category and therefore be exempt as ingredients or component parts or as products for resale. Staff believes that businesses are ultimate consumers of certain services such as bookkeeping, maintenance labor, supplies, parts, etc. and to provide an exemption would make administration much more difficult. The 2% rate is low enough that economic disincentives should be minimal.

Staff recommends against an exemption for business services at this time.



John C. Stein, Mayor

APPROVED

DATE: 9-28-92
BY: Ph