

Introduced by: City Manager Wallace
Date: April 12, 2016
Public Hearing: April 26, 2016
Action: Adopted
Vote: Unanimous

Yes:	No:
Best	
Carrington	
Combs	
DeVries	
Hanson	
Johnson	
LaFrance	

CITY OF PALMER, ALASKA

Ordinance No. 16-002

An Ordinance of the Palmer City Council Amending Palmer Municipal Code Section 3.16.050 Sales Tax Exceptions

Whereas, the City of Palmer owns and operates an airport named the Warren "Bud" Woods Palmer Municipal airport, which is used for the taking off, landing, operation and storage of aircraft, and the conduct of businesses supporting aviation activities.; and

Whereas, the airport is an important asset for the community; and

Whereas, it is essential that the airport be financially self-sufficient to perform its transportation role in the community and provide cost effective aviation facilities; and

Whereas, the revenues received from users of the airport are vital to the economic well-being of the airport; and

Whereas, many airports in Alaska have a sales tax exception or exemption for fuels that are delivered on or thru the airport; and

Whereas, the sales tax exception would be imposed on aviation fuels (Jet A, Jet B, Low Lead and others) at the airport; and

Whereas, as a recipient of financial assistance from the United States Government for development of the airport, the City is required, pursuant to 49 USC 47107, to maintain a schedule of charges for the use of facilities and services at the airport that will make the airport operations as self-sustaining as possible under the circumstances existing at the airport; and

Whereas, in accordance with City code, it is recommended that the Council adopt the following sales tax exception for the Warren "Bud" Woods Palmer Municipal airport.

THE CITY OF PALMER, ALASKA ORDAINS:

Section 1. Classification. This ordinance is permanent in nature and shall be incorporated into the Palmer Municipal Code.

Section 2. Severability. If any provision of this ordinance or any application thereof to any person or circumstances is held invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected thereby.

Section 3. Section 3.16.050 Exceptions is hereby amended to read as follows:

Section 3.16.050 Exceptions.

The tax levied shall not apply to the following:

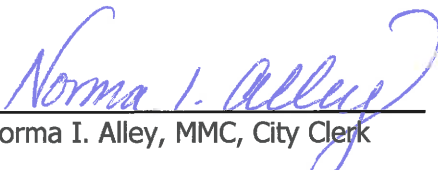
- A. Casual and isolated sales not exceeding \$50.00 and not made in the regular course of business;
- B. Sales of insurance and bonds of guaranty, fidelity and surety;
- C. Gross receipts or proceeds derived from funeral charges and services, medical or dental services rendered and hospital services;
- ~~D. Repealed by Ord. 517;~~
- D. ~~E.~~ Gross receipts or proceeds derived from the transportation of students to and from grade or high schools in motor or other vehicles;
- E. ~~F.~~ Gross receipts or proceeds derived from the sale of food in public, common, high school or college cafeterias or lunchrooms operated primarily for the public and not operated for profit;
- F. ~~G.~~ Gross receipts or proceeds derived from sales or services which the municipality is prohibited from taxing under the laws of the state or under the laws of the United States; or gross receipts or proceeds from the transportation, loading, unloading or storing of cargo from vessels or aircraft in foreign or interstate commerce, or on goods in transit or awaiting and being processed for shipment;
- G. ~~H.~~ Gross receipts or proceeds derived from carrier sales made directly to consumers or users of newspaper or any other periodicals;
- H. ~~I.~~ Gross receipts or proceeds derived from sales to the United States Government or the state or any political subdivision thereof, including the city; provided, however, that the exemption shall not apply to the sale of materials and supplies to contractors for the manufacture or production of property or rendering services for sale to such government units or agencies on a contract bid award, in which event the contractor shall be deemed the buyer, subject to the payment of the tax;
- I. ~~J.~~ Dues or fees to clubs, labor unions or fraternal organizations;
- J. ~~K.~~ Real estate agent's gross receipts received on behalf of the owner and derived from sale of real property, but excepting the real estate agent's fee earned as commission for sale of such property, which fee or commission shall be taxable up to the maximum taxable amount set out in PMC 3.16.030(C);
- K. ~~L.~~ Sales of tickets for school entertainments, school athletic events and activities (excluding, without limitation, those of the type described in PMC 3.16.040(I)) conducted for charitable purposes or community benefits;
- L. ~~M.~~ Bulk sale of feed, seed and fertilizer to farmers;
- M. ~~N.~~ Sales of air, train, boat, cruise line or bus tour transportation, car rentals, or accommodations, where the underlying service is provided outside the city, and commissions related to such sales;
- N. ~~O.~~ Receipts from filling of doctors' prescriptions by licensed pharmacists;
- O. ~~P.~~ Sales of drugs and medicines for use in hospitals and clinics;

- P. ~~Q~~: Subject to PMC 3.16.055(A), sales of food supplies to cafes, restaurants and other establishments where food is sold to the public for use in the normal course of business of cafes, restaurants and other such establishments;
- Q. ~~R~~: Subject to PMC 3.16.055(A), sale of food supplies to hospitals, children's homes having six or more charges, recreational camps and schools;
- R. ~~S~~: Construction Materials.
 - 1. Subject to PMC 3.16.055(A), sales of tangible personal property which property is to be used in the construction of or renovations to improvements to real property and is to be physically incorporated into and to become a part of the real property. Among other things, this subsection does not include tangible personal property used for repairs or maintenance (and thus materials for repairs or maintenance shall be subject to tax, unless otherwise exempted).
 - 2. Subject to PMC 3.16.055(A), sales of tangible personal property to a person currently and duly licensed as a contractor under AS 8.18, which property is to be used in the construction of or renovations to improvements to real property and is to be physically incorporated into and to become a part of the real property;
- S. ~~T~~: Services by an individual which do not exceed \$1,500 per calendar year of January 1st to December 31st and are not licensed by the state;
- T. ~~U~~: Food coupons, food stamps and other allotments issued under 7 U.S.C. 2011 through 2036 (Food Stamp Program) or food instruments, food vouchers or other type of certificate issued under 42 U.S.C. 1786 (Special Supplemental Food Program for Women, Infants and Children). 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 through 2036 (Food Stamp Program);
- U. ~~V~~: Gross receipts or proceeds received by those schools that comply with AS 14.45.100 through 14.45.130, to include religious schools and other private schools, that are derived from the provision of educational services to children at least five years of age; provided, however, such gross receipts or proceeds for other services, to include without limitation, education services to children less than five years of age and day care for children of any age, are not exempt from the tax, except to the extent such comparable services are provided for free by the Matanuska-Susitna Borough School District to children similarly situated;
- V. ~~W~~: Subject to PMC 3.16.055(A), purchases of utility services (other than cable television), including the installation and connection charges and fees, by an organization holding a current, valid 501(c)(3) or 501(c)(4) exemption letter from the Internal Revenue Service;
- W. ~~X~~: Subject to PMC 3.16.055(A), sales, services and rentals to a buyer that has a current, valid 501(c)(3) or 501(c)(4) exemption ruling from the Internal Revenue Service;
- X. ~~Y~~: Subject to PMC 3.16.055(A), sales, services and rentals made by a seller that has a current, valid 501(c)(3) or 501(c)(4) exemption ruling from the Internal Revenue Service; provided, that this exemption does not apply to the following:
 - 1. Sales, services, rentals, and games of chance including pull tabs occurring at a fair with annual attendance over 50,000 people, and
 - 2. Sales, services or rentals made on a regular basis from a fixed location that is open more than 20 hours per week;
- Y. ~~Z~~: The following sales and services by banks, savings and loan associations, credit unions and investment banks:
 - 1. Services associated with any deposit accounts, including service fees, NSF fees and attachment fees,

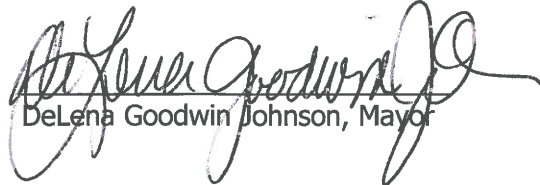
2. Fees for the purchase of bank checks, money orders, travelers' checks and similar products for payment,
 3. Loan fees and points associated with loan transactions,
 4. Pass-through charges on loan transactions which include sales tax, and
 5. Services associated with the sale, exchange or transfer of currency, stocks, bonds and other securities.
- Z. Sales of aviation fuel (Jet A, Jet B, Low Lead and others) at the Warren "Bud" Woods Palmer Municipal Airport.

Section 4. Effective Date. Ordinance No. 16-001 shall take effect on July 1, 2016.

Passed and approved this 26th day of April, 2016.



Norma I. Alley, MMC, City Clerk



DeLena Goodwin Johnson, Mayor