

LEGISLATIVE HISTORY

Introduced by: City Manager Moosey
Date: June 22, 2021
Public Hearing: July 13, 2021
Action: Adopted
Vote: 6 Yes/0 No/1 Absent

Yes:	No:
Berberich	Absent:
Carrington	Best
Combs	
Daniels	
DeVries	
Valerius	

CITY OF PALMER, ALASKA**Ordinance No. 21-011****An Ordinance of the Palmer City Council Amending Palmer Municipal Code Section 3.16.050 Pertaining to the Removal of Sales Tax Exemptions at the Warren "Bud" Woods Palmer Municipal Airport**

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

WHEREAS, the airport is an important asset to 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 all fuels 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 City 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 shall be permanent in nature and shall be incorporated into the Palmer Municipal Code.

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

Section 3. Palmer Municipal Code Section 3.16.50 is hereby amended to read as follows (new language is underlined and deleted language is stricken):

Section 3.16.050 Exemptions.

A. The following transactions are exempt from sales tax:


1. Sales of real property and interest in real property.
2. Casual and isolated sales of goods or services and not made in regular course of business, e.g., garage sales.
3. Sales of securities, insurance and bonds of guaranty, fidelity, and surety.
4. Gross receipts or proceeds derived from funeral charges and services.
5. Gross receipts or proceeds derived from the transportation of students to and from grade or high schools in motor or other vehicles.
6. Sales of food in cafeterias or lunchrooms in elementary, secondary, or post-secondary schools that are operated primarily for the convenience of school students and faculty and not operated for profit.
7. Sales or services which the municipality is prohibited from taxing under the laws of the state or under the laws of the United States.
8. Sales of newspapers or other periodicals.
9. Sales, rentals, and services by or to the United States government, the state of Alaska, or any of their agencies, instrumentalities or any political subdivisions and federally recognized Indian tribes. This exemption does not apply to the following:
 - a. Sales of gaming by federally recognized Indian tribes, political subdivisions, and municipalities; or
 - b. Retail sales, services, or rentals by the city as follows:
 - i. Sewer and water utility sales, services, and rentals;
 - ii. Palmer Municipal Airport sales, services, and rentals;
 - iii. Palmer Museum and visitor sales;
 - iv. Rents for commercial properties owned by the city.
10. Dues or fees to nonprofit clubs, labor unions or fraternal organizations.
11. Sales of admission to school entertainments, school athletic events and activities conducted for charitable purposes or community benefits. Retail sales by a school-sanctioned activity group raising funds for its approved purpose. This exemption does not apply to sales of gaming.
12. Bulk sale of feed, seed, and fertilizer to farmers.
13. Sales of air, train, boat, cruise line or bus tour transportation, car rentals, accommodations, or admission to entertainment events, where the service is provided outside the city, and fees or commission related to such sales.

14. Sales related to orbital space facilities, space propulsion systems, space vehicles, satellites, or stations, to the extent of the exemption required by AS 29.45.650(h).
15. Medical services.
16. Medical equipment and supplies and prescribed by a health care provider licensed to practice in the state of Alaska. Sales and rentals of hearing aids, crutches, wheelchairs, and personal apparatus specifically manufactured for a patient.
17. Prescription drugs for human consumption prescribed by a health care provider licensed to practice in the state of Alaska.
18. 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).
19. 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.
20. U.S. postage; and shipping and freight hauling services that originate in the city, but the end destination is outside the city limits. Excluding warehouse, storage services, and delivery services that begin and end within the city.
21. Sales of transportation service by taxicabs, limousine companies, and rideshare companies.
22. Sales of goods and services provided under warranty or service contract, whether performed by the manufacturer or authorized representative of the manufacturer, and charged to a third-party warrantor for repairs, major maintenance, or both. The initial purchase of warranty or service contract would be taxed at the time of purchase. Any portion of repair paid by the customer through a deductible or other means would not be exempt under this section.
23. The following sales and services by banks, savings and loan associations, credit unions and investment banks:
 - a. Services associated with any deposit accounts, including service fees, NSF fees and attachment fees;
 - b. Fees for the purchase of bank checks, money orders, travelers' checks and similar products for payment;
 - c. Loan fees and points associated with loan transactions;
 - d. Pass-through charges on loan transactions which include sales tax; and
 - e. Services associated with the sale, exchange or transfer of currency, stocks, bonds and other securities.
24. ~~Sales of aviation fuel (Jet A, Jet B, low lead, and others) at the Warren "Bud" Woods Palmer Municipal Airport.~~ Sales of all fuel products at the Warren "Bud" Woods Palmer Municipal Airport.

Section 4. Effective Date. Ordinance No. 21-011 shall take effect upon adoption by the city of Palmer City Council.

Passed and approved this 13th day of July, 2021.


Edna B. DeVries, Mayor


Nichole Degner, Interim City Clerk