

LEGISLATIVE HISTORY

Introduced by: City Manager Moosey
 Date: November 9, 2021
 Public Hearing: November 23, 2021
 Action: Adopted
 Vote: Unanimous

Yes: _____ No: _____

Valerius
 Daniels
 Combs
 Carrington
 Melin

CITY OF PALMER, ALASKA**Ordinance No. 21-020**

An Ordinance of the Palmer City Council Amending Sections of the Palmer Municipal Code 3.16 Sales Tax, To Create Certain Uniform Provisions For the Collection and Remittance of Sales Tax in Alignment with the Alaska Remote Seller Sales Tax Code PMC 3.16.300, Alaska Uniform Remote Seller Sales Tax Code Adopted by Reference.

WHEREAS, on November 12, 2019, the City Council passed Resolution No. 19-020 authorizing the City of Palmer to join the Alaska Remote Seller Sales Tax Commission (ARSSTC) for purpose of developing, implementing and enforcing a remote seller sales tax code; and

WHEREAS, on March 24, 2020, City Council adopted Ordinance 20-002, that adopted the Alaska Uniform Remote Seller Sales Tax Code by reference and amended sections of PMC 3.16 Sales Tax to create certain uniform provisions for the collection and remittance of sales tax; and

WHEREAS, on February 24, 2021, the ARSSTC Board adopted amendments to the Alaska Uniform Remote Seller Sales Tax Code; and

WHEREAS, the City adopted the Alaska Uniform Remote Seller Sales Tax Code by reference within PMC 3.16.300, with a clause that is referenced "as the code currently exists, and as may be further amended." The amendments contained within this Ordinance are necessary to align PMC 3.16 Sales Tax with the Alaska Uniform Remote Seller Sales Tax Code.

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 3.16.020 Definitions is hereby amended to read as follows (new language is underlined and deleted language is stricken):

"Point of Delivery" means the location at which property or product is delivered or service is rendered.

- A. When the product is not received or paid for by the purchaser at a business location in the city, the sale is considered delivered to the location where receipt by the purchaser (or the purchaser's

- recipient, designated as such by the purchaser) occurs, including the location indicated by instructions for delivery as supplied by the purchaser (or recipient) and as known to the seller;
- B. When the product is received or paid for by a purchaser who is physically present at a business location in the city, the sale is considered to have been made in the city where the purchaser is present even if delivery of the product takes place in another taxing jurisdiction. Such sales are reported and tax remitted directly to the City;
 - C. When the service is not received by the purchaser at a business location of a seller, the service is considered delivered to the location where the purchaser receives the service.
 - D. ~~C.~~ For products or services transferred electronically, or other sales where the delivery address for ~~of the purchaser~~ address is unknown, the point of delivery shall be the billing address of the buyer.

"Receive" or "receipt" means:

- A. Taking possession of the property or product;
- B. Making first use of services;
- C. Taking possession or making first use of digital goods, whichever comes first.

The terms "receive" and "receipt" do not include temporary possession by a shipping company on behalf of the purchaser.

Section 4. Palmer Municipal Code Section 3.16.033 Maximum tax per transaction is hereby amended to read as follows (new language is underlined and deleted language is stricken):

- A. Only the first \$1,000 of each transaction shall be subject to sales tax; provided, that a single payment for the sale or rental of property or rendering of a service over a period exceeding one month shall be allocated pro rata to each one-month period or part thereof during the term of the transaction, and the first \$1,000 of the price allocated to each such period shall be subject to sales tax.
- B. Services Rendered Over One Month. The payment of rent, whether for real or personal property, in excess of \$1,000 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 \$1,000 shall be treated as a separate transaction occurring 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.
- D. Capital Leases. Contracts to purchase the property at the end of a lease shall be treated as a sale on the effective date of the contract and are subject to the maximum tax per transaction pursuant to subsection (A) of this section.
- E. Other Lease Types. Leases that have an option to purchase at the end of the lease are taxed on the principal amount of each lease payment for the term of the lease. If the purchase is made at the end of the lease, the purchase transaction would be treated as another separate transaction. Interest and financing charges related to the lease payment are not subject to tax.
- F. Installment Payments. When payments for a single transaction are made on an installment basis, the sales tax on the transaction shall be collected on the first payment.

Section 5. Palmer Municipal Code Section 3.16.040 Rules applicable to particular businesses or occupations is hereby amended to read as follows (new language is underlined and deleted language is stricken):

- A. Real Estate Sales Commissions.

1. Commissions and/or realtor fees for the sale, rental or management of real property located in the city are subject to sales tax, regardless of the location of the person to whom the commission and/or fee is payable.
 2. ~~Commission and/ or fees for the sale, rental or management of real property payable to a person who maintains an office in the city are subject to sales tax, regardless of the location of property.~~
- B. *Gaming.* An amount equal to the gross receipts of the seller from sales of games of chance, less the cost of the prize awarded on each series, set of games or contest for which the game of chance has been sold, shall be subject to sales tax.
- C. *Sales from Coin-operated Machines.* An amount equal to the gross receipts from each coin operated machine that the seller operates in the city shall be subject to sales tax.

Section 6. Palmer Municipal Code Section 3.16.080 Taxable sales and sales tax returns is hereby amended to read as follows (new language is underlined and deleted language is stricken):

- A. A seller shall prepare a sales tax return for each calendar month on forms provided by the city. The sales tax return shall state the total amount of seller's sales, rentals and services; the amounts of the seller's exempt and taxable sales, rentals and services; and the amount of sales tax that is due from the seller. The seller shall submit on or with the return such additional information as the city may require to determine the amount of the sales tax due for the month. The seller shall prepare the return and remit sales tax to the city on the same basis, cash or accrual, that the seller uses in preparing its federal income tax return. The seller shall sign the return and transmit the return, with the amount of sales tax that it shows to be due, to the city.
- B. If a seller has sales from prior year's taxable revenue within the city under \$150,000 and the seller has remitted timely filings for one calendar year, the seller may request a change in filing period frequency to quarterly. If the seller has zero taxable sales in prior year's taxable revenue the seller may request a change in filing period frequency to annual with documentation of revenue or explanation with the request that future revenues will meet the requirements in this subsection for evaluation. Annual filing frequency is only available for zero filers. that seller may Requests to a change in filing period frequency may be submitted status on forms provided by the city; and This request must be approved by the finance director before the status can be changed, to a quarterly filer.
- C. The completed sales tax return, and the related remittance of sales tax, is due and must be received, ~~not merely postmarked, by the city not later than 5:00 p.m. on or before~~ on or before the last day of the month immediately following the month for which the return was prepared.

The failure of the U.S. Postal Service or any private delivery service to make timely delivery of a sales tax return or the related remittance of sales tax shall not excuse an untimely filing or remittance. Payments made by mail, drop box, or in person must be received by the close of business on the last business day prior to the due date when the due date falls on a Saturday, Sunday, or city or federal holiday. Monthly returns are due the last day of the month immediately following the subsequent month for which the return was prepared.

Quarterly returns are due as follows:

Quarter 1 (January – March)	April 30 th
Quarter 2 (April – June)	July 31 st
Quarter 3 (July – September)	October 31 st
Quarter 4 (October – December)	January 31 st

Annual returns:

January – December

Due January 31st

~~D. If the last day of the month following the end of the filing period falls on a Saturday, Sunday, federal holiday or city holiday, the due date will be extended until the next business day immediately following; however, not later than 5:00 p.m.~~

E.D. Any seller holding a city of Palmer business license shall file a sales tax return even though no tax may be due. The return shall show why no tax is due.

F.E. The finance director may require a seller that fails to submit a sales tax return or remit taxes when due to submit tax returns and remit taxes more frequently than monthly/~~quarterly~~. or may change the seller's period filing frequency upon notice to the seller if the seller does not meet the filing requirements in subsection (B) of this section.

G.F. The preparer of the sales tax return shall keep and maintain all documentation supporting any and all claims of exempted sales and purchases. Documentation for exempted sales should include the number of the exemption authorization card presented by the buyer at the time of the purchase; the date of the purchase; the name of the person making the purchase; the organization making the purchase; the total amount of the purchase; and the amount of sales tax exempted. Failure to provide such documentation may invalidate that portion of the claim of exemption for which no documentation is provided.

Section 7. Palmer Municipal Code Section 3.16.081 Alaska State Fair and special events sales tax returns is hereby amended to read as follows (new language is underlined and deleted language is stricken):

A. *Alaska State Fair Business License.* For all sales made during and at the Alaska State Fair under a special city business license for sales at the Alaska State Fair only, the sales tax return and related remittance of sales tax, are due and must be received, ~~not merely postmarked, by the city not later than 5:00 p.m. on or before the tenth last~~ day of October in the year of the sales, on tax returns provided by the city. The failure of the U.S. Postal Service or any private delivery service to make timely delivery of a sales tax return or the related remittance of sales tax shall not excuse an untimely filing or remittance. Payments made by mail, drop box, or in person must be received by the close of business on the last business day of October prior to the due date when the due date falls on a Saturday, Sunday, or city or federal holiday. Each Alaska State Fair business license holder shall file a sales tax return even though no tax may be due.

B. *Special Events Business License.* For all sellers only operating at a special event inside Palmer city limits, the sales tax return and the related remittance of sales tax, are due and must be received, ~~not merely postmarked, by the city not later than 5:00 p.m. on or before the last day of the month immediately following the month the special event occurred, on tax returns provided by the city.~~ The failure of the U.S. Postal Service or any private delivery service to make timely delivery of a sales tax shall not excuse an untimely filing or remittance. Payments made by mail, drop box, or in person must be received by the close of business on the last business day prior to the due date when the due date falls on a Saturday, Sunday, or city or federal holiday. Every special event business license holder shall file a sales tax return even though no tax may be due.


INSERT CODE CHANGES HERE (not in bold)

Section 8. Effective Date. Ordinance No. 21-020 shall take effect upon adoption by the city of Palmer City Council.

Passed and approved this 23rd day of November, 2021.



Steve Carrington, Mayor



Shelly M. Acteson, CMC, City Clerk