

**An Ordinance of the Haines Borough amending Haines Borough Code Title 3  
Chapter 3.80 Sales Tax.**

BE IT ENACTED BY THE HAINES BOROUGH ASSEMBLY:

Section 1. Classification. This ordinance is of a general and permanent nature and the adopted amendment shall become a part of the Haines Borough Code.

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

Section 3. Effective Date. This ordinance is effective November 1, 2018.

Section 4. Amendment of Chapter 3.80.020. Chapter 3.80.020 of the Haines Borough Code of Ordinances is amended to read as follows:

NOTE: **Bolded/UNDERLINED** ITEMS ARE TO BE ADDED  
~~STRIKETHROUGH~~ ITEMS ARE DELETED

**3.80.020 Definitions.**

...

"Lodging" means accommodations for dwelling, sleeping or lodging purposes, including hotels, motels, inns, and **short term rentals** ~~bed and breakfast establishments or similar establishments located within the Haines Borough. Guests providing their own accommodations such as tents, camp trailers, and RVs are exempt from the transient lodging tax.~~

**"Long-term" is a term of nine months or more.**

"Rent" or "lease" means the amount paid or promised in terms of money, as consideration for use of space in a **dwelling, apartment or commercial establishment** ~~place of lodging, or for use of any tangible personal property.~~

...

**"Short term rental (STR)" means a single accessory dwelling unit, or room within a dwelling which is rented by or on behalf of the owner for compensation for transient occupancy for a period of less than 9 months. A STR includes, but is not limited to vacation rentals, private homes offering bed and breakfasts, guest rooms within a dwelling, lodges or boarding houses. Tents, camp trailers, and RVs accommodating an owner or an owner's guests are not short term rentals.**

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Section 5. Amendment of Chapter 3.80.030. Chapter 3.80.030 of the Haines Borough Code of Ordinances is amended to read as follows:

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3.80.030 Levy of sales tax – Rate.

A. A consumer's sales tax is hereby levied on all retail sales **made, of all rents or leases paid** ~~made, on all amounts paid as rent or lease,~~ and on all services performed within the borough in the regular course of business ~~on and after the effective date hereof,~~ except such as hereinafter exempted. ~~, to be collected and used for the purposes hereinafter stated.~~

B. ~~The tax is levied in the amount of four percent of the sale price of all retail sales made, of all rents paid and of the amount paid for services performed in the borough. In addition to the tax levied throughout the borough, a separate tax of one and one-half percent is levied on sales within the townsite service area. The tax is levied in the following amounts:~~

1. Areawide is four percent (4%)
2. Within the Townsite is an additional one and one-half percent (1.5%)
3. A discount of one-half of a percent (.5%) shall be applied to transactions in the area south of the southern boundary line of Township 34 south.

~~of the sale price of all retail sales, made, of all rents, leases and the amount paid for services performed in the borough. In addition to the tax levied throughout the borough, a separate tax of one and one-half percent is levied on sales within the townsite service area.~~

C. ~~B.~~ If parts of a sale, service, rental or lease or combination thereof (hereinafter referred to as "transaction") occur separately inside the townsite service area and the borough outside the townsite service area, or occur over a period of time during which two different tax rates apply, the tax shall be the highest rate applicable to any part of the transaction and shall be applied to the price of the entire transaction.

If, however, a part of the transaction is regularly offered on a separate basis by the seller and the seller invoices and prices such various parts of the transaction separately in accordance with the location of the parts of the transaction, or the time of the transaction, then the sales tax rate for that location or the rate in effect at that time shall apply.

A sale of goods is taxable at the combined borough and townsite service area rate if the point of sale, or the place of business, or the point of delivery is within the townsite service area.

Section 6. Amendment of Chapter 3.80.050. Chapter 3.80.050 of the Haines Borough Code of Ordinances is amended to read as follows:

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STRIKETHROUGH ITEMS ARE DELETED

**3.80.050 Exempt transactions.**

The tax levied under this chapter shall not apply to the following:

1. Casual and isolated sales not made in the regular course of business;
2. Sales, services, rentals, and transactions that a municipality is prohibited from taxing under the Constitution and laws of the United States or the state;
3. Sales of goods resulting from orders received from outside the borough where delivery is made outside the borough by mail or common carrier;
4. Sales of construction materials and services exceeding \$5,000 for use in each construction project paid for by any one purchaser during any 12-consecutive-month period. Construction materials are defined as those items becoming a permanent part of the structure.

Purchaser must initially pay all sales tax on such materials and services. At the end of the 12-month time period and within one year thereafter, purchaser must submit a completed sales tax refund form (provided by the borough office) along with qualifying receipts. The borough will review and refund to the purchaser all sales taxes paid on allowable construction materials and services that exceeded \$5,000 during the 12-month period.

If the project is not complete within the 12-month period, the purchaser may apply for an extension of the exemption by signing an affidavit that the purchaser is continuing work on the same project. A total of two 12-month extensions may be applied for with respect to the same project. The refund procedure shall follow the same requirements as the first 12-month period. The total time period for sales tax refunds on any one project shall not exceed three years.

The project shall be reviewed and assessed yearly by the borough assessor.

The contractor may come to the borough office and pay a sum equal to the appropriate sales tax on a \$5,000 purchase. The contractor will then be issued a numbered sales tax exemption permit which will exempt the purchaser from paying sales tax on the purchase of construction materials and services on the particular project named for a 12-month period. The permit number must be shown to all vendors by the purchaser on all purchases covered by this paragraph and be recorded on all sales tickets at the time of purchase of materials or services by the vendor;

5. Sales of insurance and bonds of guaranty and fidelity, and the commissions thereon;
6. Sale of transportation to students to and from grade or high schools in motor or other vehicles;
7. Sales of goods, services, and rentals by school-sanctioned groups;
8. Sale of cemetery plots, caskets, funeral and burial-related items and services by a funeral home;
9. Sale of goods and services performed in the course of and necessary in the treatment by medical doctors, hospitals, dentists, optometrists, osteopaths, midwives, birth centers, chiropractors, and other medical practitioners licensed or certified by the state of Alaska, and the sale of goods and services performed pursuant to a prescription or written order from one of the above;
10. Sale of nursing services and of counseling by clinical psychologists licensed by the state of Alaska;
11. Sales and rentals of hearing aids, crutches, wheelchairs and personal property specifically manufactured for a patient;
12. Membership dues and assessments, initiation fees and donations paid to labor unions, fraternal organizations and other nonprofit organizations that have obtained exemption certificate 501(c) from the Internal Revenue Service;
13. Sales, services, and rentals to a buyer or made by a seller, organized and administered solely by the exempt organization that meets the following qualifications:<sup>1</sup>
  - a. Has obtained exemption certificate 501(c)3, 501(c)4, 501(c)8, or 501(c)19 from the Internal Revenue Service;

- b. Is currently incorporated by the state of Alaska as a nonprofit corporation;
- c. Has purchased an annual exemption card (which card shall be purchased for the annual cost equivalent to the townsite service area sales tax levied on a total of \$500.00 in purchases) issued by the borough clerk.

This exemption applies to sellers only if the income from the exempt sale is exempt from federal income taxation;

- 14. Sales, services and rentals to or by a foreign government, the United States government, the state and its political subdivisions, and municipalities;
- 15. Sale of goods and beverages in public or private common high school or college cafeterias, not operating for profit;
- 16. Child day care, pre-elementary-school and babysitting services;
- 17. That part of the selling price of a single item that exceeds \$10,000. A single item is an item sold in a single sale consisting of integrated and interdependent component parts affixed or fitted to one another in such a manner as to produce a functional whole. It includes optional accessories for such items as boats and automobiles if the accessories are useful or essential for the operation or use of the item;
- 18. That part of the selling price of services performed that exceeds \$5,000 for a single service which is an interrelated and interdependent function;
- 19. That part of the periodic rental price exceeding \$5,000 of the rental of a single item of personal property. The periodic rental price is the amount owed on a monthly or more frequent period; rentals exceeding a payment period of one month recomputed for sales tax purposes as though payment were to be made on a monthly basis;
- 20. Commissions charged on the sale of travel, lodging, adventure and similar and related services;
- 21. Sales and services by banks, savings and loan associations, credit unions and investment banks;
- 22. Printing services resulting from orders received from outside the borough where delivery of the printed material is made to the nonresident purchaser outside the borough by mail or common carrier;
- 23. Fees charged for nonprofit youth day, recreation, summer and similar camps primarily serving persons under 18 years of age;
- 24. All single item sales, rentals, and services under \$500.00, occurring during the hours, under the auspices and in direct participation with the annual Southeast Alaska State Fair, ~~and the Haines Rodeo~~, excluding any businesses in the Dalton City attraction who have a rental agreement with the S.E. Alaska State Fair to operate their businesses within the confines of the Dalton City attraction at times other than during the ~~Haines Rodeo~~ and S.E. State Fair;
- 25. Trade-in sales; the value of new or used articles taken in trade as a credit on part payments on the sale of new articles shall be deductible from the total sales price of the new article, and a tax paid only on the net sales price;



26. Purchases made with food stamp coupons;
27. Water and sewer services;
28. Sales between related parties as defined in Internal Revenue Code Section 267(b);
29. Sales of Services for Resale. A service is sold for resale when the service is directly integrated into services or goods sold by the buyer located within the borough and registered with the sales tax administrator, to another purchaser in the normal course of business; provided, that the service is purchased separately for each resale, and the service is identified, charged for and billed for separately from any other service. This exemption does not apply to sales of tours to buyers for resale to the ultimate consumers of the tours, nor does any sale of services on consignment or commission qualify for exemption;
30. Sales of goods and services provided under a warranty or service contract, whether performed by the manufacturer or authorized representative of the manufacturer, and charged to third party warrantor for repairs, major maintenance, or both. Major maintenance does not include routine or scheduled maintenance attributable to normal operation of the warranted item;
31. Sales tax paid on leases under a lease/purchase agreement may be credited toward the payment of the tax due on the exercise of the purchase option in the same proportion as the lease payments are applied to the purchase price; provided, that there will be no refund of taxes paid on the lease.
32. Sales of any goods or services within the borough that are temporarily exempted by a resolution adopted by the assembly and sold during the specified exemption period not to exceed six consecutive months.
33. **Long-term rental of a dwelling, home, apartment or condominium used as a residence.**

ADOPTED BY A DULY CONSTITUTED QUORUM OF THE HAINES BOROUGH ASSEMBLY THIS 11th DAY OF SEPTEMBER, 2018.

ATTEST:

  
Alekka Fullerton, Borough Clerk



  
Janice Hill, Mayor

Date Introduced: 7/10/18  
Date of First Public Hearing: 7/24/18  
Date of Second Public Hearing: 8/7/18  
Date of Third Public Hearing: 9/12/18