



CITY OF WASILLA

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COUNCIL MEMORANDUM NO. 93-09

From: Mayor Stein
Date: February 18, 1993
Subject: Ordinance Serial No. 93-11 - Sales Tax Code Amendments

Three issues have arisen which warrant Council consideration of amendments to the Sales Tax Code.

Wholesale Sales

- (1) The Wasilla tax makes wholesale sales "taxable retail sales" if goods are to be resold outside the City. 6.50.020(G)(1) is proposed to be amended to delete this condition and recognize that all purchases for resale are exempt.
- (2) The Wasilla tax is defined as a retail sales tax. Contractors have taken exception to taxation of their materials, supplies and subcontracts because they are wholesale transactions for later resale. 6.50.020(G)(3) clarifies "Retail Sale" not to include sales to licensed and bonded general or specialty contractors as part of a building project for resale.

Special Collection for Building Construction

Language in our ordinance came from Palmer where the tax is collected when building permits are issued. Wasilla does not have building permits. The entire section has been re-written to simplify and clarify the pre-payment of the \$10 maximum tax and the exemption of purchases for a particular building project.

Tax Rate Schedule

The proposed amendment makes the 2% tax rate schedule optional and recognizes the use of calculators, computers and cash registers which may round the 2% tax calculation in a slightly different manner.

Administration recommends that Council thoroughly consider implications of the contractor wholesale exemption and the inclusion of subcontractor charges in the building construction exemption.

We recommend that the Council consider Ordinance Serial No. 93-11 for introduction and set for public hearing in March.

John E. Stein, Mayor