

Title 3

REVENUE AND FINANCE

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Chapter 3.04

PROPERTY TAXATION

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For statutory provisions regarding municipal property taxes, see AS Chapter 29.45.

3.04.010 Definitions.

For the purpose of this chapter, the following terms, phrases, words and their derivations have the meaning given in this section. When not inconsistent with the context, words used in the present tense include the future, words in the plural number include the singular number, and words in the singular number include the plural number. The word “shall” is always mandatory and not merely directory.

“Assessed value” or “full and true value” of real and/or personal property is that amount, in terms of money, which most probably would result from a sale of the property, at the time of assessment, between a buyer and seller, both of whom are well informed, willing and able to act, but are not required to so act, and when each acts in his own self-interest.

“Assessor” means the city assessor.

“Board of equalization” means the mayor and council convened as a board, in accordance with law, for the purpose of equalizing the assessments of real and personal property in the city.

“City” means the city of Craig.

“City clerk” means the clerk of the city.

“City treasurer” means the treasurer of the city.

“Equalized value” is the assessed value, established by the board of equalization in accordance with law, for general tax purposes.

“Float house” means any habitable structure or dwelling upon a barge or floats, whether fixed or transient, and used primarily as a residence, as contrasted with a sport fishing boat or commercial vessel.

“Improvements” means and includes all buildings, structures, fences, landscaping and additions erected in or upon land.

“Lien” or “tax lien” embraces liens for penalties and interest and costs as well as unpaid taxes.

“Mobile home” means all house trailers, trailer coaches and similar factory-built units used or intended to be used for residential, office or commercial purposes and attached to the land or connected to water, gas, electric or sewerage facilities.

“Person” means and includes any individual, trustee, receiver, firm, partnership, joint venture, syndicate, association, corporation, trust or any other group acting as a unit.

“Real property” or “land” means any estate or interest therein, including permit or license rights and improvements thereon, including float houses as defined in subsection (H) of this section, and mobile homes as described in subsection (K) of this section, and includes all timber on patented lands. [Ord. 464 § 4, 1998; Ord. 297 § 4, 1990; Ord. 225 § 5, 1984.]

3.04.020 Laws of Alaska adopted.

The laws of the state relating to the assessment, levy and collection of general taxes for school and municipal purposes are adopted and incorporated in this chapter, as if fully set out in this chapter. [Ord. 225 § 5, 1984.]

3.04.030 Property subject to assessment, levy and taxation.

All real and personal property (as defined in this chapter) within the city which is not expressly exempt by law is subject to annual assessment, levy and general taxation for school and municipal purposes at its full and true value as defined in CMC 3.04.010.

A. The following is exempt from property tax:

1. The Klawock Landfill, that and only that which services both the city of Craig and the city of Klawock which is owned by Klawock Heenya Corporation but soon to be turned over to the city of Klawock as part of a 14(C)3 reconveyance which is 10 acres located in Section 32, T. 73 S., R. 81 E., CRM, is to be exempt for five years.

This exemption is granted according to specific eligibility requirements in AS 29.45.050(m) which states that a municipality may by ordinance exempt economic development property from taxation, including property conveyed under 43 U.S.C. 1601 – 1629e (Alaska Native Claims Settlement Act) for up to five years.

A written application for this exemption has been presented.

2. Interest in Low-Income Housing. An interest, other than record ownership, in real property of an individual residing in the property is exempt from real property taxes if the property has been developed, improved, or acquired with federal funds for low-income housing and is owned or managed as low-income housing by the state building authority or a regional housing authority formed under AS 18.55.996. This subsection does not prohibit the city from receiving payments in lieu of taxes authorized under federal law. [Ord. 556 § 4, 2006; Ord. 318 § 6, 1991; Ord. 225 § 5, 1984.]

3.04.035 Senior citizen and disabled veteran property exemption qualifications.

A. To be eligible for a property tax exemption under AS 29.45.030(e), the individual applying for an exemption must also meet requirements under one of the following subsections:

1. The individual shall be eligible for a permanent fund dividend under AS 43.23.005 for that same year or for the immediately preceding year; or

2. If the individual has not applied or does not apply for one or both of the permanent fund dividends, the individual would have been eligible for one of the permanent fund dividends identified in subsection (A)(1) of this section had the individual applied.

3. The city clerk may require proof of eligibility for subsections (A)(1) and (A)(2) of this sec-

tion for the property tax exemption. [Ord. 540 § 4, 2004.]

3.04.040 Method and date of assessment.

A. All taxable real property shall be assessed each year by the assessor at its full and true value.

B. The assessor shall assess all real property in the city in the name of the person in whose name the property was listed as the owner as of January 1st of each year. In case the owner is unknown, the assessor shall show in his records “owner unknown.” The valuation so assessed shall be the value as of January 1st of each year.

C. The assessor shall maintain a record of all assessments and shall show therein the name of the owner or reputed owner, if known, the description of the land and improvements, the assessed value of the land, improvements, and such other data as may be necessary to ensure that the assessed value represents the full and true value of the property assessed.

D. The assessor shall complete the assessment of all real property and deliver the assessment roll to the city clerk on or before the first day of March each year. The clerk shall, on or before April 1st of each year, notify each owner of the assessed value established. The notice shall contain the property description, the value of the real properties separately, and the date(s) of the tax equalization hearing, and shall be mailed at least 30 days prior to the date of the equalization hearing.

E. The assessor, upon completion of the annual assessment, shall transmit the records of assessment to the clerk or treasurer, together with a certificate which shall contain the number of lots and/or parcels of real property assessed and together with the total assessed value of each general class, and certification that the assessed values established represent “full and true value” in accordance with the requirements of this chapter.

F. (Reserved).

G. The assessor and his authorized representative(s), when bearing identification from the city, shall have the right to enter upon and inspect real property for the purpose of assessing the same. [Ord. 506 § 4, 2002; Ord. 464 § 4, 1998; Ord. 225 § 5, 1984.]

3.04.050 Classification of property.

Real property is treated as one general class; provided, that the assessor may make such subdivision thereof as may be necessary or desirable in determining full and true value; provided further, that any such subdivisions as may be made shall be established to ensure uniformity in the assessment of this general class of property. [Ord. 464 § 4, 1998; Ord. 225 § 5, 1984.]

3.04.060 Right of protest – Board of equalization.

A. Owners of taxed property shall have the right to protest, before the board of equalization, the assessed value established on their properties. Protests shall be submitted to the city clerk or treasurer in writing 30 days from the date the notice of assessment is mailed to the property owner. The assessor may provide forms to facilitate submittal of written protests. Persons who have complied with this requirement for advance filing of protests may appear (in person or by their authorized representative) before the board of equalization to answer the board's questions and/or orally explain their written protest. Only protests which have met the advance written filing requirement will be heard or considered by the board of equalization.

B. The board of equalization, except as otherwise provided by the council, shall meet on the third Thursday of May annually at 7:00 p.m., or at an earlier date as may be specified in the assessment notice, for the purposes of reviewing and revising the assessed value established by the assessor, and may, upon proper evidence and conformable to justice, increase or decrease the assessed value in individual cases, and when so reviewed and revised and finally approved by the board, the equalized value so established shall be deemed to be the true basis for the levy and assessment of taxes, and no changes shall thereafter be made by the board. The board shall meet for the minimum of one hour or until all protests from property owners regarding assessed value have been heard.

C. The clerk or treasurer shall record the actions of the board of equalization in the council journal of proceedings and enter upon the assessment records all revisions in assessed value made by the board. [Ord. 591 § 4, 2008; Ord. 225 § 5, 1984.]

3.04.070 Tax levy – Lien.

A. Upon the adjournment of the board of equalization, the council shall meet to determine the amount of money necessary to be raised from general property taxes for school and municipal purposes; and the council shall levy a general tax, for school and municipal purposes, upon all property in the city in such amount, not to exceed the limitation imposed by law, as may be necessary for such purposes; provided, however, that such levy shall not be applicable to real and personal property exempt by law. The rate of levy shall be established by the city council by resolution before June 15th, and by July 1st the city clerk-treasurer shall mail tax statements setting out the levy, the dates when taxes are payable and delinquent and penalties and interest.

B. All general taxes levied upon real or personal property by the council shall be a lien upon the property assessed as of the date of levy, and such lien shall be prior and paramount to all other liens or encumbrances against the real property assessed. [Ord. 279 § 4, 1989; Ord. 225 § 5, 1984.]

3.04.080 Notice of taxes due and payable.

A. Within 30 days following the levy of general taxes by the council, the clerk or treasurer shall cause a notice to be published in a newspaper of general circulation in the city once a week for three successive weeks, specifying:

1. That city property taxes for school and municipal purposes are due and payable at the office of the clerk or treasurer, City Hall, during regular office hours;

2. The date property taxes become delinquent, and the penalty and interest chargeable on delinquent taxes;

3. That the remedy of sale will be exercised to collect the delinquent taxes on real property in accordance with law, and that the remedy of obtaining a court judgment (for later execution against personal property) will be exercised to collect delinquent taxes on personal property in accordance with law;

4. That certain properties, which shall be listed, are assessed to unknown owners. The listing shall contain the same description and information as required on tax bills.

B. Within 30 days following the levy of general taxes by the council, the clerk or treasurer shall

compute the taxes and bill each owner the amount of taxes due. Such bill shall be mailed to the address shown on the assessment records. The tax bill shall contain the owner's name, property description, assessed value of each property separately, the full amount of taxes due for the year, the delinquent date, and penalty and interest chargeable on delinquent taxes.

C. All general taxes shall become delinquent unless paid on or before September 30th of each year except as provided under subsection (C)(1) of this section.

1. A taxpayer may have the option to pay any tax statement over \$50.00 in two installments, the first to be at least half of the amount due by September 30th of each tax year, and the remaining or second half to be paid by December 31st of the same year.

2. Taxes unpaid after the appropriate due date shall become delinquent. The postmarked date on payments received by mail shall serve to establish date received. [Ord. 297 § 4, 1990; Ord. 225 § 5, 1984.]

3.04.090 Delinquent taxes.

A. The clerk or treasurer shall declare taxes delinquent if not paid by September 30th and shall charge and collect a penalty of 10 percent of the amount delinquent for property tax paid after September 30th but before November 1st and an additional 10 percent of the amount delinquent if paid after October 31st, and interest at the rate of 15 percent per year, from the due date until paid in full. If the first half of property taxes are paid before September 30th and the second half becomes delinquent after December 31st, a penalty of 20 percent will be charged and the taxes become delinquent until paid in full.

B. (Reserved).

C. Every year, within 120 days following the date of delinquency for general taxes on real property, including mobile homes valued at more than \$10,000, and all float houses, or at more frequent intervals as the council shall by resolution direct, the clerk or treasurer shall prepare a delinquent tax roll and proceed with the collection of such delinquent taxes by remedy or advertisement and sale in accordance with the provisions of state law, and the petition for judgment and foreclosure of liens shall assign and demand payment of \$200.00 per parcel

as costs and attorneys' fees associated with undertaking judicial foreclosure.

D. If the tax on property described in AS 29.45.070 (mobile homes and similar property used or intended to be used for residential, office or commercial purposes and attached to the land or connected to water, gas, electric, or sewage facilities and valued less than \$10,000), excluding float houses for purposes of this subsection only, or on a leasehold interest in tax exempt property is not paid when due, the city may enforce the tax by a personal action against the delinquent taxpayer brought in a court of competent jurisdiction, in addition to other remedies available to the city to enforce the lien. [Ord. 592 § 4, 2008; Ord. 464 § 4, 1998; Ord. 305 § 4, 1990; Ord. 297 § 4, 1990; Ord. 279 § 5, 1989; Ord. 225 § 5, 1984.]

3.04.100 Duties of clerk or treasurer and assessor.

A. The assessor is charged with the duty and authorized to do all things necessary to carry out the provisions of this chapter relating to the annual assessment of property.

B. The clerk or treasurer shall be the collector of general taxes, including penalty and interest as provided herein; and, upon completion of equalization of assessments and levy of the taxes by the council, is authorized and empowered to do all things necessary to carry out the provisions of this chapter relating to the collection of taxes. In the performance of this duty, the clerk or treasurer shall receive such payments at and during the regular established office hours and issue a receipt for each such payment received.

C. The clerk or treasurer is authorized to make corrections in the assessment and billing records where an error, omission or double assessment has occurred. All such corrections made shall be explained by appropriate remarks signed by the clerk or treasurer.

D. Property owners shall notify the city of any new spaces for rent or vacancies for mobile homes to be used for residential, office or commercial purposes. Property owners shall also keep the city informed as to who the owners of the mobile homes are and their addresses, if possible, and notify the mobile home owners that they are subject to property tax and must register with the city. [Ord. 297 § 4, 1990; Ord. 225 § 5, 1984.]

3.04.110 Penalty for violation.

It is unlawful for any person to violate any of the provisions of this chapter. For knowingly failing to file a tax statement required by ordinance or knowingly making a false affidavit to a statement required by a tax ordinance relative to the amount, location, kind or value of property subject to taxation, with intent to evade the taxation penalty not to exceed a fine of \$1,000 or imprisonment for 90 days may be imposed. [Ord. 279 § 6, 1989.]

Chapter 3.08**SALES TAX**

Sections:

- 3.08.010 Definitions.
- 3.08.020 Levy of sales tax – Rate.
- 3.08.025 Exemption of sales for resale.
- 3.08.030 Exemption for the elderly.
- 3.08.040 Use of proceeds.
- 3.08.050 Duty to collect and make return.
- 3.08.060 Return forms.
- 3.08.065 Failure to make return – Assessment.
- 3.08.070 Sale of business – Final tax return – Liability of purchaser.
- 3.08.080 Penalty and interest.
- 3.08.090 Lien for tax, interest and penalty.
- 3.08.100 Sales tax inspector.
- 3.08.110 Effective date.
- 3.08.120 Applies to entertainment.
- 3.08.130 Sales receipt.
- 3.08.140 Transboundary services.
- 3.08.150 Violations and penalty.
- 3.08.160 Rules and regulations.
- 3.08.170 Registration.
- 3.08.180 Certificate displayed.
- 3.08.190 Certificate nonassignable.
- 3.08.200 Failure to register.

For statutory provisions regarding city sales and use taxes, see AS 29.45.700 and 29.45.710.

3.08.010 Definitions.

“Buyer,” “consumer” and “person” mean and include without limiting the scope thereof, every individual, receiver, assignee, trustee in bankruptcy, trust estate, firm, co-partnership, joint venture, club, company, business trust, corporation, association, society or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit or otherwise.

“Fuel,” for purposes of this section, means fuel (refined gasoline, diesel fuel, and propane) that is subject to Craig sales tax. This does not include other products, pre-packaged fuel sold in cans or other containers, or any other types of fuel charges.

“Marijuana and marijuana products” has the meaning provided in CMC 5.10.800.

“Retail sale” means any sale of real or tangible personal property, including barter, credit, installment and conditional sales, for any purpose other than resale in the regular course of business. The sale of property by a seller whose principal place of business is outside the city to a buyer or consumer is a retail sale made within the city if such retailer maintains any office, distribution, or sales house, warehouse or any other place of business, or solicits business or receives orders through any agent, salesman, or other type of representative within the city.

“Seller” means and includes every person making sales to a buyer or consumer, renting property, or performing services for consideration.

“Selling price,” “sales price,” and “price” means the consideration, whether money, credit, rights or other property, expressed in terms of money, paid, given or delivered by a buyer to a seller all without any deduction on account of the cost of property sold, the cost of materials used, labor costs, interest, discount, delivery costs, taxes or any other expenses whatsoever paid or accrued, and without any deduction on account of losses.

“Services” means and includes all services of every manner and description that are performed or furnished for consideration, whether in conjunction with the sale of goods or not, but does not include services rendered by an employee to any employer. [Ord. 748 § 5 (Att. A), 2022; Ord. 696 § 4, 2017; Ord. 378 § 4, 1994; Ord. 296 § 6, 1990.]

3.08.020 Levy of sales tax – Rate.

A. A consumers sales tax is levied on all retail sales made, on all amounts paid as rent, and on all services performed within the city in the regular course of business, on and after January 1, 1975, except such as are hereinafter exempted, to be collected and used for the purposes hereinafter stated. A sale is taxable under this chapter if title to property passes within the corporate limits of the city. Title is considered to pass when goods or materials are ordered from a business establishment located in Craig and picked up by the customer, a third party (including common carriers), or mailed to the customer. Sales of goods and materials delivered by the vendor itself to a location outside the city limits are considered nontaxable for the purpose of this chapter.

B. The tax is levied in the amount of five percent of the sales price of all retail sales made, of all rents paid and of the amount paid for services performed within the city. When sales are made, rentals of property paid, or services are performed or furnished for other than cash, the price shall be the reasonable value of the items sold, furnished, performed or delivered. The term “rent” as used in this section, includes rent of both real and personal property and the term “services” includes furnishing of labor and materials for accomplishing a specified result when the resulting object or product is not for resale by the purchaser in the ordinary course of business.

1. Sales of fuel shall be taxed at a rate set by resolution by the Craig city council, not to exceed five percent. This provision is effective until June 30, 2023.

C. The sales price of all items purchased or delivered at the same time shall be added together and the tax levied on the aggregate amount thereof.

D. The rate of sales tax on retail sales of all alcoholic beverages (whether bottled or sold by the drink) is six percent of the sales price. The sales price is the total price paid by the purchaser (including any federal or state taxes) prior to the addition of the city sales tax.

E. The following are exempt from the tax:

1. Salaries and wages paid to an employee;
2. Sales made and services performed which are not in the regular course of business;
3. Sales, rentals and services when the amount paid to any person for such sales, rents and services by all persons doing business with such party does not aggregate \$150.00 in any calendar quarter; however, any sales tax collected shall be remitted;
4. Sales of insurance and bonds of guaranty and fidelity;
5. Fees for medical, dental and hospital services;
6. Remuneration received for services and materials, including caskets, used or furnished for funerals;
7. Wharfage charges and charges for freight handling and cargo handling on docks;
8. All sales of commodities made to a manufacturer, broker, wholesaler or dealer and which commodities are not consumed or destroyed by such purchaser, but which are resold in the same or

an altered form or which are used to package, crate or deliver the products of such purchaser;

9. All sales to a bona fide retailer when the same are purchased by him for resale in the ordinary course of business. In this connection a retailer is one who regularly stocks merchandise for resale, displays the same to the public and holds himself out as regularly engaged in the business of selling such products either during a regular season or throughout the year direct to the consumer;

10. The gross receipts derived from the sale of tangible personal property or services by churches, except where such organizations are engaged in business for profit or savings, or competing with other persons engaged in the same or similar business;

11. Gross receipts derived from transportation of students to and from grade or high schools in motor or other vehicles;

12. Gross receipts derived from the sale of food in public, common high school or college cafeterias or lunch rooms operated primarily for teachers and pupils, and not operated primarily for the public or for profit;

13. Gross receipts or proceeds derived from sales or services which the municipality is prohibited from taxing by the state, or 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;

14. Gross receipts derived from carrier sales, made directly to consumer or user, of newspapers or periodicals;

15. Gross receipts derived from the sales to the United States, the state of Alaska or any political subdivision thereof;

16. Dues or fees to clubs, labor unions, or fraternal organizations;

17. Gross receipts derived from sales of building construction materials and labor use in constructing a building within the city, pursuant to a valid building permit issued or renewed no more than one year prior to the sale transaction being exempted from the tax. Sales, to qualify for this exemption, shall be recorded by the seller, together with the date, the purchaser's name, and the building permit number. Any purchaser who attempts to avoid paying sales tax by using a building permit

number for materials or labor not actually used in the structure for which the building permit was issued shall be subject to a civil penalty up to 25 percent of the price of the materials or labor involved in the evasive purchase;

18. Gross receipts derived from sales of material and labor for the clearing of land, excavation, or fill or placement of material on real property for construction of a facility that will be subject to real property taxes; providing, that the improvements are constructed pursuant to a valid building or excavation permit issued or renewed no more than one year prior to the sale or transaction being exempted from the tax. Sales, to qualify for this exemption, shall be recorded by the seller, together with the date, the purchaser's name, and the building permit number. Any purchaser who attempts to avoid paying sales tax by using a permit number for materials or labor not actually used in the structure for which the permit was issued shall be subject to a civil penalty up to 25 percent of the price of the materials or labor involved in the evasive purchase;

19. Day care centers licensed by the state of Alaska;

20. *Repealed by Ord. 698;*

21. Purchases made with food stamp coupons, or food purchases made under the Federal Special Supplemental Food Program for Women, Infants and Children (WIC);

22. Sales, services and rentals made by a buyer that is organized as and has obtained a 501(c)(3) or 501(c)(4) exemption ruling from the Internal Revenue Service, licensed in Alaska and an exemption certificate from the city;

23. The loaning of money and interest and fees charged for the loan transaction;

24. Gross receipts derived from sales of vehicles or boats for that portion of the sale in excess of \$5,000;

25. Goods and services purchased on a designated sales tax exemption day, as authorized by city council resolution.

F. In addition to the tax levied and collected under subsection (B) of this section, there shall be levied and collected a tax equal to five percent of the selling price on the retail sale of marijuana and marijuana products sold within the city of Craig. [Ord. 748 § 5 (Att. A), 2022; Ord. 698 § 4, 2017; Ord. 696 § 4, 2017; Ord. 593 § 4, 2008; Ord. 481

§ 4, 2000; Ord. 435 §§ 4, 5, 1997; Ord. 400 § 5, 1995; Ord. 388 § 4, 1994; Ord. 378 § 5, 1994; Ord. 307 § 4, 1990; Ord. 303 § 4 1990; Ord. 296 § 5, 1990; Ord. 292 § 4, 1989; Ord. 280 § 4, 1989; Ord. 275 §§ 1, 2, 1989; Ord. 268 § 4, 1988; Ord. 258 § 4, 1987; Ord. 238 § 4, 1985; Ord. 229, 1984; Ord. 223 § 5, 1984; Ord. 213 § 4, 1983; Ord. 129 § 5, 1974.]

3.08.025 Exemption of sales for resale.

A. The following sales of goods and services are exempt from the sales tax:

1. Sales of goods to wholesale dealers located in the city, who deal in goods of the type sold, for the purpose of a subsequent sale by such dealer in the city;

2. Sales to retail dealers located in the city, who deal in goods of the type sold, for the purpose of a subsequent retail sale by such dealer in the city, which sale will be subject to the tax imposed by this chapter;

3. Sales of tangible goods and services to a person engaged in manufacturing within the city, products sold primarily within the city, which property is converted into or becomes an ingredient or component part of the manufactured product or a container therefor, or otherwise enters directly into the manufacturing process;

4. Sales to a building or construction contractor or subcontractor, pursuant to a valid city building permit issued or renewed no more than one year prior to the sale transaction being exempted for the tax, for use on a project within the city, of building materials, supplies, and other tangible goods and services to be incorporated or used as component parts of a completed structure, driveway, landscaping, and other portions of the project and services utilized directly in the construction, erection, landscaping, and similar work on the project. This exemption shall not apply to tools, equipment, fuel, clothing, food and similar items of goods utilized but not incorporated into a project.

B. Resale cards shall be valid for a period of one year and shall be reissued in January of each calendar year by the city upon determination that a seller has established compliance with the resale exemption described herein. Resale cards shall be surrendered when the holder ceases doing business. Misuse of a resale card is a violation subject to penalty.

C. Misuse of a resale card shall constitute a misdemeanor and is punishable by a fine up to \$300.00, and subject to revocation of the resale card.

D. Resale cards will be issued to businesses located in the city who are current in filing and remitting their sales tax. [Ord. 481 § 4, 2000; Ord. 471 § 4, 1999.]

3.08.030 Exemption for the elderly.

A. Anyone 65 years of age or older who is a resident of the state of Alaska may apply for and be issued a senior citizen's sales tax exemption card subject to the limitations in subsections (B) through (F) of this section. Any person holding a valid card as of June 30, 2017, may renew after July 1, 2017. The senior citizen shall show the card upon request. All sellers within the city shall keep a record of such exempt sales on forms provided and turn in along with their quarterly sales tax report.

B. Administrative fees for the sales tax exemption card shall be set by city council resolution.

C. No person issued or authorized to use a senior citizen's sales tax exemption card may use it to obtain a sales tax exemption when the goods or services purchased are for use in any trade or business, or for purchases for which the card holder is reimbursed or remunerated by a person or entity on whose behalf the purchase was made and who would not otherwise qualify for a sales tax exemption. A spouse under 60 years of age is not eligible for the exemption and cannot purchase anything without the presence of the exempt spouse except as listed in subsection (D) of this section.

D. No person who has not duly applied for and received such an exemption card may use it to obtain such tax exemption. However, in the case where a person is an invalid or otherwise physically unable to leave their home or dwelling to use the card, the city may issue a special card authorizing another person to use the special card for the benefit of the invalid or otherwise physically unable person to use the card.

E. As used in this section, "resident of the state of Alaska" means a person who is eligible or would have been eligible for the Alaska State Permanent Fund Dividend.

To be eligible for the senior citizen sales tax exemption card, the individual applying for an

exemption must also meet requirements under one of the following paragraphs:

1. The individual shall be eligible for a permanent fund dividend under AS 43.23.005 for that same year or for the immediately preceding year; or

2. If the individual has not applied or does not apply for one or both of the permanent fund dividends, the individual would have been eligible for one of the permanent fund dividends identified in subsection (E)(1) of this section had the individual applied.

3. The city clerk may require proof of eligibility for subsections (E)(1) and (2) of this section for the senior citizen sales tax exemption.

F. Any person who knowingly violates any provision of subsections (A) through (E) of this section shall have their card revoked by the city for at least one year.

G. The senior citizen sales tax exemption cards shall expire every three years. New cards will be re-issued upon re-applying.

H. The senior citizen sales tax exemption will not apply to alcoholic beverages, tobacco products, or marijuana products. [Ord. 741 § 4, 2021; Ord. 698 § 4, 2017; Ord. 631 § 4, 2011; Ord. 586 § 4, 2007; Ord. 557 § 4, 2006; Ord. 435 § 6, 1997.]

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3.08.040 Use of proceeds.

The proceeds of the tax shall be used for general municipal purposes. [Ord. 435 § 6, 1997; Ord. 296 § 5, 1990; Ord. 129 § 5, 1974.]

3.08.050 Duty to collect and make return.

A. The tax levied under CMC 3.08.020 is assessed and levied upon the persons paying for the commodities sold and rents and services furnished, but it is the duty of the retailer, landlord or person furnishing the same to collect the tax from the purchaser, tenant or person paying for the same, and make a return thereof to the clerk as hereinafter stated.

B. The sellers and persons furnishing such goods, rents and services shall add the tax imposed under this chapter to the sales price or charge therefor, and when so added, such tax shall constitute a part of the price or charge therefor and a debt from the purchaser, tenant or person receiving the same to the seller, landlord or person furnishing the same until the tax is paid, and shall be recoverable at law in the same manner as other debts. The seller, landlord, or person furnishing the commodities, services or rentals shall add and collect the tax strictly in accordance with CMC 3.08.020. [Ord. 435 § 6, 1997; Ord. 296 § 5, 1990; Ord. 129 § 5, 1974.]

3.08.060 Return forms.

The clerk shall provide appropriate forms for the use of taxpayers in making returns of the taxes payable under this chapter. Every person, firm or corporation making such sales, renting property or supplying such services as are taxable hereunder shall furnish the clerk with a return containing such information as is necessary to complete all spaces on the form, including the total sales, rents and charges for services during each month for which the return is made, the amount exempt hereunder, and the tax due and payable for such months. Such return shall be made on or before the last day of the month next succeeding the end of each calendar quarter year for the sales made, rentals and services furnished during the preceding calendar quarter year. When such sales, rentals or services are furnished on credit for the purpose of making a return and paying the tax, such sales shall be considered made, the rentals furnished or the services furnished during the month in which payment is received for such sales or services unless the tax-

payer elects to make his returns on an accrual basis. The taxes payable for sales in each quarter year shall be paid on or before the close of the calendar month following the close of such calendar quarter year and shall be delinquent unless then paid. The postmarked date on payments received by mail shall serve to establish date received. [Ord. 496 § 4, 2001; Ord. 435 § 6, 1997; Ord. 296 § 5, 1990; Ord. 129 § 5, 1974.]

3.08.065 Failure to make return – Assessment.

A. Assessment by City. If any person obligated to collect and remit taxes under this chapter fails to make a return as provided by this chapter, or makes a grossly incorrect return, or a return that is false or fraudulent, the city administrator shall make an estimate of the taxable transactions during the taxable period based upon information available to him and assess the tax, plus penalties. The city administrator may give the taxpayer 10 days' notice in writing concerning the proposed assessment and may ask the taxpayer to appear before him with such books, records and papers as he requires relating to the business for the taxable period. If any taxpayer fails to make any return or refuses to appear and answer questions within the scope of an investigation relating to his legal duties under this chapter, the city administrator may make the assessment based upon information available to him. The assessment shall be presumed to be correct unless set aside by a court of law.

B. Protest by Taxpayer. If the taxpayer protests his liability (or the amount thereof) on an assessment under subsection (A) of this section which has become final, he shall pay the tax under written protest setting forth the basis for the protest. No action for a refund may be maintained nor may a defense to nonpayment be maintained in a civil action unless the amount in the dispute has been paid by the taxpayer under written protest filed at or before the time of payment. [Ord. 452 § 4, 1998.]

3.08.070 Sale of business – Final tax return – Liability of purchaser.

If any seller sells, assigns, transfers, conveys, leases, forfeits, or abandons the business to another person, including a creditor or a secured party, the seller shall make a final sales tax return within 15

days after the date of selling, assigning, transferring, conveying, leasing, forfeiting or abandoning the business, showing that all tax obligations imposed by this chapter have been paid. The purchaser, successor, transferee, lessee, assignee, creditor, or secured party, shall withhold a sufficient portion of the purchase money, if any, to safely cover the amount of such sales taxes, penalties and interest as may be due and unpaid to the city; provided, if any purchaser, assignee, transferee, lessee, successor, creditor, or secured party of a business fails to withhold from the purchase money, or fails to otherwise provide for or make the payment of taxes, interest and penalty owed by the business as provided in this chapter, then a person with signatory authority over seller's savings and checking accounts, and the purchaser, assignee, transferee, lessee, successor, creditor, or secured party, shall be personally liable for the payment of the taxes, penalties, and interest accruing and unpaid to the city on accounts of the operation of the business by any former owner, owners, operators or assigns. [Ord. 435 § 6, 1997; Ord. 296 § 5, 1990; Ord. 261 § 4, 1987.]

3.08.080 Penalty and interest.

In the event a return is not made or the tax is not paid for any calendar quarter year within the following calendar month, a penalty of 10 percent of such tax as is unpaid shall be added to such tax for the first month of delinquency or fraction thereof, until the total penalty of 30 percent has accrued. Interest at the rate of 15 percent per year from the date of delinquency until paid shall accrue in the same manner. Such penalty and interest shall be collected in the same manner as the tax. [Ord. 435 § 6, 1997; Ord. 296 § 5, 1990; Ord. 261 § 4, 1987; Ord. 222 § 5, 1984.]

3.08.090 Lien for tax, interest and penalty.

A. The tax, interest and penalty imposed under this chapter, in addition to the lien filing fee under subsection (B) of this section, shall constitute a lien in favor of the city upon the assets, including all real and personal property, of every person making taxable sales city-wide. The lien arises upon delinquency and continues until liability for the amount is satisfied or the property of the delinquent person is sold at foreclosure sales. The lien is not valid as against a prior mortgagee, pledgee, purchaser, or

judgment creditor until notice of the lien is filed in the office of the recorder for the Ketchikan recording district.

B. Fees for the filing and releasing of liens shall be:

1. Filing of lien; \$25.00 plus recorder's office filing fee;
2. Release of lien, \$25.00 plus recorder's office filing fee.

The above rates may be changed by the council by resolution from time to time to reflect the costs of providing municipal services generally. [Ord. 435 § 6, 1997; Ord. 296 § 5, 1990; Ord. 261 § 4, 1987.]

3.08.100 Sales tax inspector.

The city council shall from time to time designate not more than one person at any one time to make investigations and inspections of the books and records of the persons, firms and corporations who are liable for taxes under this chapter. Such person shall be the sales tax inspector of the city of Craig. The sales tax inspector is authorized and empowered to make inspections from time to time of all of the books and records pertaining to purchases, sales, services, and rents made, furnished, paid or performed by parties who are liable for the tax levied under this chapter. The sales tax inspector is granted the right to inspect all such books and records including the records of purchases made by retailers from wholesalers or other retailers, the ledger accounts of customers of the taxpayers, the sale slips made by taxpayers, and all other books and records of the taxpayers which would in any way tend to prove or reveal information concerning the tax liability of the taxpayer under this chapter. It shall be the duty of every person engaged in retail business or in furnishing services to the public in the city to allow the sales tax inspector to examine such books and records during regular business hours at such times as the sales tax inspector shall require. If the sales tax inspector shall find discrepancies in favor of the city between the sales reported to the city clerk and the sales which appear to have been made by any taxpayer, it shall be the duty of the city clerk to demand that the taxpayer forthwith make an amended return showing the correct amount of tax payable for each month for which such discrepancy appears and to pay the taxes due the city. Unless a taxpayer upon whom

such demand is made shall make such returns and pay the taxes due the city within five days from the date of the demand by the city clerk, the clerk shall report the facts in full to the council. The clerk shall keep confidential all facts which he has learned as a result of such investigations until such time as the same are reported to the common council. In the event of a dispute between the taxpayer and the city clerk as to the amount of tax due, the taxpayer may within five days of the demand made upon him for the filing of amended returns and the payment of such taxes, demand a hearing before the city council on his tax liability. In such event the city council shall notify the taxpayer of the time and place at which such hearing will be held. The city council shall, after receiving a report from the city clerk of delinquent taxes and after affording an opportunity for such hearing in case the taxpayers demand the same, take such action at law as is necessary to collect any taxes which the city council shall find to be delinquent, including penalties and interest. [Ord. 435 § 6, 1997; Ord. 296 § 5, 1990; Ord. 261 § 4, 1987; Ord. 129 § 5, 1974.]

3.08.110 Effective date.

This chapter shall be effective from and after one minute past 12:00 a.m. on the first day of January, 1975. [Ord. 435 § 6, 1997; Ord. 296 § 5, 1990; Ord. 261 § 4, 1987; Ord. 129 § 5, 1974.]

3.08.120 Applies to entertainment.

The tax levied on services includes admissions to any entertainment, such as movies, dances and other events. [Ord. 435 § 6, 1997; Ord. 261 § 4, 1987; Ord. 129 § 5, 1974.]

3.08.130 Sales receipt.

Every sales slip, invoice and statement made and delivered to a purchaser as a result of a sale, rental of property or furnishing of services taxable under this chapter, shall list thereon the price of the articles sold, rents or service charges and separately list the tax payable thereunder. [Ord. 435 § 6, 1997; Ord. 261 § 4, 1987; Ord. 129 § 5, 1974.]

3.08.140 Transboundary services.

All services which either commence or terminate within the city, or which are in any part rendered, supplied or provided within the city shall be subject to sales tax, except as may be expressly

provided otherwise in this chapter. [Ord. 435 § 6, 1997; Ord. 298 § 5, 1990.]

3.08.150 Violations and penalty.

A. Any person obligated to collect sales taxes under this chapter who fails, neglects or refuses to collect the taxes imposed by this chapter, or who fails to make a return and remit such taxes to the city when due, or who forgives, remits or rebates to the purchaser or tenant, either directly or indirectly, any part of the tax levied hereunder, shall have committed a violation of this chapter, punishable by a maximum penalty of \$1,000.

B. Persons who collect sales taxes, but then appropriate the resulting moneys to their own use rather than remitting the proceeds to the city, are guilty of a misdemeanor, punishable by a maximum penalty of \$1,000.

C. Each separate calendar quarter in which a person commits a violation or misdemeanor, as set forth in subsections (A) and (B) of this section, shall constitute a separate offense. [Ord. 698 § 4, 2017; Ord. 435 § 6, 1997; Ord. 298 § 4, 1990; Ord. 261 § 4, 1987; Ord. 129 § 5, 1974.]

3.08.160 Rules and regulations.

The council may adopt rules and regulations providing for the administration and interpretation of this chapter together with forms for reporting the taxes payable hereunder. [Ord. 435 § 6, 1997; Ord. 298 § 4, 1990; Ord. 261 § 4, 1987; Ord. 129 § 5, 1974.]

3.08.170 Registration.

A. A person, firm, partnership, corporation or other business entity shall file an application for registration at Craig City Hall (forms provided), prior to making any retail sales, rendering any services, making rentals or opening of an additional place of business within the city limits of Craig. The completed application shall be returned to City Hall along with a copy of the business entity's Alaska State business license, if applicable.

B. Each business entity shall be registered under the advertised name, and each separate business shall be registered under its own account. [Ord. 435 § 6, 1997; Ord. 425 § 4, 1996.]

3.08.180 Certificate displayed.

A. Upon receipt of a properly executed application indicating that all returns required have been filed pursuant to this chapter, along with a copy of the pertinent Alaska business license, the city shall issue without charge to the seller a certificate of registration. The certificate shall state the address of the place of business to which it is applicable, the Alaska business license number, if applicable, and shall authorize the seller to collect sales tax.

B. The certificate must be prominently displayed at the place of business named in the certificate.

C. Where the application or city records indicate that applicant is currently in violation of filing any remittance requirements of the city sales tax provision, the city may deny the application for registration until such time as applicant enters a binding agreement setting out a method by which full compliance will be attained. [Ord. 435 § 6, 1997; Ord. 425 § 4, 1996.]

3.08.190 Certificate nonassignable.

The certificate of registration is nonassignable and nontransferable. [Ord. 435 § 6, 1997; Ord. 425 § 4, 1996.]

3.08.200 Failure to register.

Failure to register may result in a proceeding being filed by the city in superior court no earlier than 15 days after providing notice by regular mail to any business which has failed to obtain its initial registration under this chapter. [Ord. 435 § 6, 1997; Ord. 425 § 4, 1996.]

Chapter 3.09**TRANSIENT ROOM TAX**

Sections:

- 3.09.010 Definitions.
- 3.09.020 Levied.
- 3.09.030 Rate.
- 3.09.040 Exemptions.
- 3.09.050 Collection and accrual.

3.09.010 Definitions.

For purposes of this chapter the following words shall have the meanings ascribed to them:

“Guest” means an individual, corporation, partnership, or association paying monetary or other consideration for the use of a sleeping room or rooms in a hotel. This is specifically intended to include any guest who has overnight accommodations as part of a combined-price package.

“Hotel” means a structure or portion of a structure which is occupied or intended and designed for occupancy by transients for dwelling, lodging or sleeping purposes and includes any residence, hotel, motel, inn, lodge, cabin or bed and breakfast.

“Rent” or “rents” means the amount paid or promised, in terms of money, as consideration for the use by a transient of a room or rooms in a hotel; it does not include the cost of food or entertainment, nor does it include the cost of banquet or other facilities not intended for use as overnight accommodations.

“Transient” means a person who occupies a suite, room or rooms in a hotel for fewer than 30 consecutive days. An employee who occupies a suite, room or rooms rented or leased by an employer for more than 30 days, for use on a rotating basis by employees, is not a transient. [Ord. 697 § 4, 2017.]

3.09.020 Levied.

There is hereby levied a tax on hotel room rentals to transients. [Ord. 697 § 4, 2017.]

3.09.030 Rate.

A. The rate of the transient room tax is established at \$5.00 per day.

B. This tax shall be in addition to the general sales tax. This tax shall not be levied on the sales tax portion of the rental bill. Neither shall the gen-

eral sales tax be levied on this transient room tax. [Ord. 697 § 4, 2017.]

3.09.040 Exemptions.

- A. No tax shall be imposed where the rental is:
1. Less than \$5.00 per day;
 2. Made to an organization that is exempt from taxation by law of the state of Alaska or the United States. [Ord. 697 § 4, 2017.]

3.09.050 Collection and accrual.

A. Every hotel operator renting rooms subject to taxation under this chapter shall collect the taxes imposed by this chapter from the transient guest at the time of collection of charge for the room, or for the combined-price package if applicable, and shall transmit the same, with appropriate form provided by the finance director, to the city. The tax imposed shall be shown on the billing to the guest as a separate and distinct item.

B. This tax accrues each day of occupancy and shall be paid by the hotel operator to the city with the operator's quarterly sales tax filing, and shall be delinquent unless so paid.

C. Each transient guest is responsible for the room rental tax imposed by this chapter and the tax shall be due and payable to the hotel operator at the time the rent is paid.

D. All other means of enforcement and collection of this tax not addressed in this section shall be according to the provisions of the city's sales tax code at Chapter 3.08 CMC. [Ord. 697 § 4, 2017.]

Chapter 3.10

ALASKA REMOTE SELLER SALES TAX CODE

Sections:

- 3.10.010 Interpretation.
- 3.10.020 Title to collected sales tax.
- 3.10.030 Collection – Rate.
- 3.10.040 Obligation to collect tax – Threshold criteria.
- 3.10.050 Reporting and remittance requirements for local and remote sales.
- 3.10.060 No retroactive application.
- 3.10.070 Payment and collection.
- 3.10.080 Remote seller and marketplace facilitator registration requirement.
- 3.10.090 Tax filing schedule.
- 3.10.100 Estimated tax.
- 3.10.110 Returns – Filing contents.
- 3.10.120 Refunds.
- 3.10.130 Amended returns.
- 3.10.140 Extension of time to file tax return.
- 3.10.150 Audits.
- 3.10.160 Audit or estimated tax protest.
- 3.10.170 Penalties and interest for late filing.
- 3.10.180 Remote reseller certificate of exemption.
- 3.10.190 Repayment plans.
- 3.10.200 Remote seller or marketplace facilitator record retention.
- 3.10.210 Cessation or transfer of business.
- 3.10.220 Use of information on tax returns.
- 3.10.230 Violations.
- 3.10.240 Penalties for violations.
- 3.10.250 Remittance of tax – Remote seller held harmless.
- 3.10.260 Savings clause.
- 3.10.270 Definitions.
- 3.10.280 Supplemental definitions.

3.10.010 Interpretation.

A. In order to prevent evasion of the sales taxes and to aid in their administration, it is presumed that all sales and services by a person or entity engaging in business are subject to the sales tax.

B. The application of the tax to be collected under this code shall be broadly construed and shall favor inclusion rather than exclusion.

C. Exemptions from the tax to be collected under this code shall be narrowly construed against the claimant and allowed only when such exemption clearly falls within an exemption defined in the member jurisdiction's code.

D. The scope of this code shall apply to remote sellers or marketplace facilitators, delivering products or services into member municipalities adopting this code, within the state of Alaska. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020.]

3.10.020 Title to collected sales tax.

Upon collection by the remote seller or marketplace facilitator, title to collected sales tax vests in the Commission for remittance to the member jurisdiction. The remote seller or marketplace facilitator remits collected sales tax to the Commission on behalf of the member jurisdiction, from whom that power is delegated, in trust for the member jurisdiction and is accountable to the Commission and member jurisdiction. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020.]

3.10.030 Collection – Rate.

A. To the fullest extent permitted by law, the sales tax levied and assessed by the member jurisdiction shall be collected on all remote sales where delivery is made within the member jurisdiction, within the state of Alaska.

B. The applicable tax shall be added to the sales price as provided in the member jurisdiction's sales tax code, based on point of delivery.

C. The tax rate added to the sale price shall be the tax rate for the member jurisdiction(s) where the property or product is sold, or service that was rendered is received, and based on the date the property or product was sold or the date the service rendered was received.

D. An address and tax rate database will be made available to remote sellers and marketplace facilitators, indicating the appropriate tax rate to be applied.

E. The tax assessed shall be consistent with relevant jurisdictional tax caps, single unit sales, and exemptions.

F. When a sale is made on an installment basis, the applicable sales tax shall be collected at each payment, calculated at the sales tax rate in effect, and with the cap applied, at the time of the original

sale or the date the service is rendered, based on the member jurisdictions' code(s).

G. When a sales transaction involves placement of a single order with multiple deliveries made at different points in time that are separately invoiced, the applicable sales tax shall be collected on each separately invoiced delivery, calculated at the sales tax rate in effect, and with the cap applied, at the time of the original sale or the date the service is rendered. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020.]

3.10.040 Obligation to collect tax – Threshold criteria.

A. Any remote seller or marketplace facilitator must collect and remit sales tax in compliance with all applicable procedures and requirements of law, provided the remote seller or marketplace facilitator has met one of the following threshold criteria ("threshold criteria") in the current or previous calendar year:

1. The remote seller's statewide gross sales, including the seller's marketplace facilitator's statewide gross sales, from the sale(s) of property, products or services delivered in the state meets or exceeds \$100,000; or

2. The remote seller, including the seller's marketplace facilitator, sold property, products, or services delivered in the state in 200 or more separate transactions.

B. For purposes of determining whether the threshold criteria are met, remote sellers or marketplace facilitators shall include all gross sales, from all sales of goods, property, products, or services rendered within the state of Alaska. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020.]

3.10.050 Reporting and remittance requirements for local and remote sales.

A. Sellers with a physical presence in a member jurisdiction conducting only local sales shall report and remit to, and comply with standards of, including audit authority, the member jurisdiction.

B. Sellers with a physical presence in a member jurisdiction that also have remote or internet-based sales where the point of delivery is in a different member jurisdiction shall (1) report and remit the remote or internet sales to the Commission; and

(2) report and remit the local sales to the member jurisdiction.

C. Sellers with a physical presence in a member jurisdiction that also have remote or internet-based sales where the point of delivery is in the same member jurisdiction shall report and remit those remote sales to the member jurisdiction.

D. Sellers and marketplace facilitators that do not have a physical presence in a member jurisdiction must report and remit to the Commission all remote sales where the point of delivery is in a member jurisdiction.

E. A marketplace facilitator is considered the remote seller for each sale facilitated through its marketplace and shall collect, report, and remit sales tax to the Commission. A marketplace facilitator is not considered to be the remote seller for each sale or rental of lodging facilitated through its marketplace, wherein the seller is considered to have a physical presence in the member jurisdiction. [Ord. 736 § 5 (Add. A), 2021.]

3.10.060 No retroactive application.

The obligations to collect and remit sales tax required by this chapter are applicable at the effective date of the member jurisdiction's ordinance adopting the Alaska Remote Seller Sales Tax Code. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.050.]

3.10.070 Payment and collection.

Pursuant to this code, taxes imposed shall be due and paid by the buyer to the remote seller or marketplace facilitator at the time of the sale of property or product or date service is rendered, or with respect to credit transactions, at the time of collection. It shall be the duty of each remote seller or marketplace facilitator to collect the taxes from the buyer and to hold those taxes in trust for the taxing authority of the member jurisdiction. Failure by the remote seller or marketplace facilitator to collect the tax shall not affect the remote seller's, or marketplace facilitator's, responsibility for payment to the Commission. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.060.]

3.10.080 Remote seller and marketplace facilitator registration requirement.

A. If a remote seller's gross statewide sales meets or exceeds the threshold criteria from CMC

3.10.040, the remote seller shall register with the Commission. If the remote seller is a marketplace seller and only makes sales in Alaska through a marketplace, the marketplace seller is not required to register with the Commission. The marketplace seller must submit an affidavit attesting to these facts on a form provided by the Commission.

B. If a marketplace facilitator's gross statewide sales meets or exceeds the threshold criteria from CMC 3.10.040, the marketplace facilitator shall register with the Commission.

C. A remote seller or marketplace facilitator meeting the threshold criteria shall apply for a certificate of sales tax registration within 30 calendar days of the effective date of this code or within 30 calendar days of meeting the threshold criteria whichever occurs second. Registration shall be to the Commission on forms prescribed by the Commission.

D. An extension may be applied for and granted based on criteria established by the Commission, based on evidence produced to describe time necessary to update software or other technical needs, not to exceed 90 days.

E. Upon receipt of a properly executed application, the Commission shall confirm registration, stating the legal name of the remote seller or marketplace facilitator, the primary address, and the primary sales tax contact name and corresponding title. The failure of the Commission to confirm registration does not relieve the remote seller or marketplace facilitator of its duty to collect and remit sales tax.

F. Each business entity shall have a sales tax registration under the advertised name.

G. The sales tax certificate is nonassignable and nontransferable.

H. The sales tax certificate satisfies a member jurisdiction's requirement to obtain a municipal business license, provided the seller does not have a physical presence in that member jurisdiction. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.070.]

3.10.090 Tax filing schedule.

A. All remote sellers or marketplace facilitators subject to this code shall file a return on a form or in a format prescribed by the Commission and shall pay the tax due.

B. Filing of sales tax returns are due monthly; quarterly or less frequent filing is optional upon application and approval by the Commission, consistent with the code of the member jurisdiction.

C. A remote seller or marketplace facilitator who has filed a sales tax return will be presumed to be making sales in successive periods unless the remote seller or marketplace facilitator files a return showing a termination or sale of the business in accordance with this code.

D. The completed and executed return, together with the remittance in full for the tax due, shall be transmitted to and must be received by the Commission on or before midnight Alaska Standard Time on the due date. Monthly returns are due the last day of the immediate subsequent month. Quarterly returns are due as follows:

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

E. If the last day of the month following the end of the filing period falls on a Saturday, Sunday, federal holiday or Alaska state holiday, the due date will be extended until the next business day immediately following.

F. Any remote seller or marketplace facilitator holding a remote seller registration shall file a sales tax return even though no tax may be due. This return shall show why no tax is due. If the remote seller or marketplace facilitator intends to continue doing business a return shall be filed reflecting no sales and a confirmation of the intent to continue doing business and shall continue to do so each filing period until the entity ceases doing business or sells the business. If the remote seller or marketplace facilitator intends to cease doing business, a final return shall be filed along with a statement of business closure.

G. The remote seller or marketplace facilitator shall prepare the return and remit sales tax to the Commission on the same basis, cash or accrual, which the remote seller or marketplace facilitator uses in preparing its federal income tax return. The remote seller or marketplace facilitator shall sign

the return, and transmit the return, with the amount of sales tax and any applicable penalty, interest or fees that it shows to be due, to the Commission.

H. Remote sellers and marketplace facilitators failing to comply with the provisions of this code shall, if required by the Commission and if quarterly filing has been chosen, file and transmit collected sales taxes more frequently until such time as they have demonstrated to the Commission that they are or will be able to comply with the provisions of this code. Six consecutive on-time sales tax filings, with full remittance of the sales taxes collected, shall establish the presumption of compliance and return to quarterly filing.

I. 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. This documentation shall be made available to the Commission upon request. Failure to provide such documentation may invalidate that portion of the claim of exemption for which no documentation is provided. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.080.]

3.10.100 Estimated tax.

A. In the event the Commission is unable to ascertain the tax due from a remote seller or marketplace facilitator by reason of the failure of the remote seller or marketplace facilitator to keep accurate books, allow inspection, or file a return, or by reason of the remote seller or marketplace facilitator filing a false or inaccurate return, the Commission may make an estimate of the tax due based on any evidence in their possession.

B. Sales taxes may also be estimated, based on any information available, whenever the Commission has reasonable cause to believe that any information on a sales tax return is not accurate.

C. A remote seller's or marketplace facilitator's tax liability under this code may be determined and assessed for a period of three years after the date the return was filed or due to be filed with the Commission. No civil action for the collection of such

tax may be commenced after the expiration of the three-year period except an action for taxes, penalties and interest due from those filing periods that are the subject of a written demand or assessment made within the three-year period, unless the remote seller or marketplace facilitator waives the protection of this section.

D. The Commission shall notify the remote seller or marketplace facilitator, in writing, that the Commission has estimated the amount of sales tax that is due from the remote seller or marketplace facilitator. The Commission shall serve the notice on the remote seller or marketplace facilitator by delivering the notice to the remote seller's or marketplace facilitator's place of business, or by mailing the notice by certified mail, return receipt requested, to the remote seller's or marketplace facilitator's last known mailing address. A remote seller or marketplace facilitator who refuses the certified mail will be considered to have accepted the certified mail for purposes of service.

E. The Commission's estimate of the amount of sales tax that is due from a remote seller or marketplace facilitator shall become a final determination of the amount that is due unless the remote seller or marketplace facilitator, within 30 calendar days after service of notice of the estimated tax:

1. Files a complete and accurate sales tax return for the delinquent periods supported by satisfactory records and accompanied by a full remittance of all taxes, interest, penalties, costs and other charges due; or

2. Files a written notice with the Commission appealing the estimated tax amount in accordance with the appeal procedures, under the provisions of CMC 3.10.160.

3. Arguments or reasons for failure to timely file a return and remit taxes collected shall not be considered a valid basis or grounds for granting an appeal. The basis and grounds for granting an appeal of an assessment are:

- a. The identity of the remote seller or marketplace facilitator is in error;

- b. The amount of the debt is erroneous due to a clerical error (and the nature and extent of the error is specified in the request for appeal); or

- c. The remote seller or marketplace facilitator disputes the denial of exemption(s) for certain sales.

- F. The amount of sales tax finally determined to be due under this section shall bear interest and penalty from the date that the sales tax originally was due, plus an additional civil penalty of \$50.00 for each calendar month or partial month for which the amount of sales tax that is due has been determined. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.090.]

3.10.110 Returns – Filing contents.

A. Every remote seller or marketplace facilitator required by this chapter to collect sales tax shall file with the Commission upon forms furnished by the Commission a return setting forth the following information:

1. Gross sales rounded to the nearest dollar;
2. The nontaxable portions separately stating the amount of sales revenue attributable to each class of exemption, rounded to the nearest dollar;
3. Computation of taxes to be remitted;
4. Calculated discount (if applicable) based on member jurisdiction's code; and
5. Such other information as may be required by the Commission.

B. Each tax return remitted by a remote seller or marketplace facilitator shall be signed (digital or otherwise) by a responsible individual who shall attest to the completeness and accuracy of the information on the tax return.

C. The Commission reserves the right to reject a filed return for failure to comply with the requirements of this code for up to three months from the date of filing. The Commission shall give written notice to a remote seller or marketplace facilitator that a return has been rejected, including the reason for the rejection. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.100.]

3.10.120 Refunds.

A. Upon request from a buyer or remote seller or marketplace facilitator, the Commission shall provide a determination of correct tax rate and amount applicable to the transaction. In the case of an overpayment of taxes, the remote seller or marketplace facilitator shall process the refund and amend any returns accordingly.

B. If the claimant is a remote seller or marketplace facilitator, and the tax refund is owed to any buyer, the remote seller or marketplace facilitator

submits, and the Commission approves, a refund plan to all affected buyers.

C. Interest will not be paid on tax refund requests filed with the Commission.

D. The member jurisdictions may allow a buyer to request a refund directly from the member jurisdiction. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.110.]

3.10.130 Amended returns.

A. A remote seller or marketplace facilitator may file an amended sales tax return, with supporting documentation, and the Commission may accept the amended return, but only in the following circumstances:

1. The amended return is filed within one year of the original due date for the return; and
2. The remote seller or marketplace facilitator provides a written justification for requesting approval of the amended return; and
3. The remote seller or marketplace facilitator agrees to submit to an audit upon request of the Commission.

B. The Commission shall notify the remote seller or marketplace facilitator in writing (by email or otherwise) whether the Commission accepts or rejects an amended return, including the reasons for any rejection.

C. The Commission may adjust a return for a remote seller or marketplace facilitator if, after investigation, the Commission determines the figure included in the original returns are incorrect; and the Commission adjusts the return within three years of the original due date for the return.

D. A remote seller or marketplace facilitator may file a supplemental sales tax return, with supporting documentation, and the Commission may accept the supplemental return, but only in the following circumstances:

1. The remote seller or marketplace facilitator provides a written justification for requesting approval of the supplemental return; and
2. The remote seller or marketplace facilitator agrees to submit to an audit upon request of the Commission. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.120.]

3.10.140 Extension of time to file tax return.

Upon written application of a remote seller or marketplace facilitator, stating the reasons there-

for, the Commission may extend the time to file a sales tax return but only if the Commission finds each of the following:

A. For reasons beyond the remote seller's or marketplace facilitator's control, the remote seller or marketplace facilitator has been unable to maintain in a current condition the books and records that contain the information required to complete the return;

B. Such extension is a dire necessity for book-keeping reasons and would avert undue hardship upon the remote seller or marketplace facilitator;

C. The remote seller or marketplace facilitator has a plan to cure the problem that caused the remote seller or marketplace facilitator to apply for an extension and the remote seller or marketplace facilitator agrees to proceed with diligence to cure the problem;

D. At the time of the application, the remote seller or marketplace facilitator is not delinquent in filing any other sales tax return, in remitting sales tax to the Commission or otherwise in violation of this chapter;

E. No such extension shall be made retroactively to cover existing delinquencies. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.130.]

3.10.150 Audits.

A. Any remote seller or marketplace facilitator who has registered with the Commission, who is required to collect and remit sales tax, or who is required to submit a sales tax return is subject to a discretionary sales tax audit at any time. The purpose of such an audit is to examine the business records of the remote seller or marketplace facilitator in order to determine whether appropriate amounts of sales tax revenue have been collected by the remote seller or marketplace facilitator and remitted to the Commission.

B. The Commission is not bound to accept a sales tax return as correct. The Commission may make an independent investigation of all retail sales or transactions conducted within the state or member jurisdiction.

C. The records that a remote seller or marketplace facilitator is required to maintain under this chapter shall be subject to inspection and copying by authorized employees or agents of the Commission for the purpose of auditing any return filed

under this chapter, or to determine the remote seller's or marketplace facilitator's liability for sales tax where no return has been filed.

D. In addition to the information required on returns, the Commission may request, and the remote seller or marketplace facilitator must furnish, any reasonable information deemed necessary for a correct computation of the tax.

E. The Commission may adjust a return for a remote seller or marketplace facilitator if, after investigation or audit, the Commission determines that the figures included in the original return are incorrect, and that additional sales taxes are due; and the Commission adjusts the return within three years of the original due date for the return.

F. For the purpose of ascertaining the correctness of a return or the amount of taxes owed when a return has not been filed, the Commission may conduct investigations, hearings and audits and may examine any relevant books, papers, statements, memoranda, records, accounts or other writings of any remote seller or marketplace facilitator at any reasonable hour on the premises of the remote seller or marketplace facilitator and may require the attendance of any officer or employee of the remote seller or marketplace facilitator. Upon written demand by the Commission, the remote seller or marketplace facilitator shall present for examination, in the office of the Commission, such books, papers, statements, memoranda, records, accounts and other written material as may be set out in the demand unless the Commission and the person upon whom the demand is made agree to presentation of such materials at a different place.

G. The Commission may issue subpoenas to compel attendance or to require production of relevant books, papers, records or memoranda. If any remote seller or marketplace facilitator refuses to obey any such subpoena, the Commissioner may refer the matter to the Commission's attorney for an application to the superior court for an order requiring the remote seller or marketplace facilitator to comply therewith.

H. Any remote seller, marketplace facilitator, or person engaged in business who is unable or unwilling to submit their records to the Commission shall be required to pay the Commission for all necessary expenses incurred for the examination

and inspection of their records maintained outside the Commission.

I. After the completion of a sales tax audit, the results of the audit will be sent to the business owner's address of record.

J. In the event the Commission, upon completion of an audit, discovers more than \$500.00 in additional sales tax due from a remote seller or marketplace facilitator resulting from a remote seller's or marketplace facilitator's failure to accurately report sales and taxes due thereupon, the remote seller or marketplace facilitator shall bear responsibility for the full cost of the audit. The audit fee assessment will be in addition to interest and penalties applicable to amounts deemed to be delinquent by the Commission at the time of the conclusion of the audit. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.140.]

3.10.160 Audit or estimated tax protest.

A. If the remote seller or marketplace facilitator wishes to dispute the amount of the estimate, or the results of an examination or audit, the remote seller or marketplace facilitator must file a written protest with the Commission, within 30 calendar days of the date of the notice of estimated tax or results of an audit or examination. The protest must set forth:

1. The remote seller's or marketplace facilitator's justification for reducing or increasing the estimated tax amount, including any missing sales tax returns for the periods estimated; or

2. The remote seller's or marketplace facilitator's reasons for challenging the examination or audit results.

B. In processing the protest, the Commission may hold an informal meeting or hearing with the remote seller or marketplace facilitator, either on its own or upon request of the remote seller or marketplace facilitator and may also require that the remote seller or marketplace facilitator submit to an audit, if one was not previously conducted or a more formal audit, if an estimation audit was previously performed.

C. The Commission shall make a final written determination on the remote seller's or marketplace facilitator's protest and mail a copy of the determination to the remote seller or marketplace facilitator.

D. If a written protest is not filed within 30 days of the date of the notice of estimated tax or the result of a review, audit or examination, then the estimated tax, review, audit or examination result shall be final, due and payable to the Commission. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.150.]

3.10.170 Penalties and interest for late filing.

A. A late filing fee of \$25.00 per month, or fraction thereof, shall be added to all late-filed sales tax reports, until a total of \$100.00 has been reached. An incomplete return shall be treated as the filing of no return.

B. Delinquent sales tax bears interest at the rate of 15 percent per annum until paid.

C. In addition, delinquent sales tax shall be subject to an additional penalty of five percent per month, or fraction thereof, until a total of 20 percent of delinquent tax has been reached. The penalty does not bear interest.

D. Fees, penalties and interest shall be assessed and collected in the same manner as the tax is assessed and collected, and applied first to fees, penalties and interest, second to past due sales tax.

E. The filing of an incomplete return, or the failure to remit all tax, shall be treated as the filing of no return.

F. A penalty assessed under this section for the delinquent remittance of sales tax or failure to file a sales tax return may be waived by the Commission, upon written application of the remote seller or marketplace facilitator accompanied by a payment of all delinquent sales tax, interest and penalty otherwise owed by the remote seller or marketplace facilitator, within 45 calendar days after the date of delinquency. A remote seller or marketplace facilitator may not be granted more than one waiver of penalty under this subsection in any one calendar year, in accordance with the Commission's penalty waiver policy. The Commission shall report such waivers of penalty to the member jurisdiction, in writing. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.160.]

3.10.180 Remote reseller certificate of exemption.

A. A remote seller with no physical presence in a member jurisdiction purchasing goods or ser-

vices for the express purpose of resale to buyer(s) located in that member jurisdiction shall apply for a resale certificate through the Commission.

B. The remote reseller certificate of exemption will expire at the end of the calendar year it is issued. [Ord. 736 § 5 (Add. A), 2021.]

3.10.190 Repayment plans.

A. The Commission may agree to enter into a repayment plan with a delinquent remote seller or marketplace facilitator. No repayment plan shall be valid unless agreed to by both parties in writing.

B. A remote seller or marketplace facilitator shall not be eligible to enter into a repayment plan with the Commission if the remote seller or marketplace facilitator has defaulted on a repayment plan in the previous two calendar years.

C. The repayment plan shall include a secured promissory note that substantially complies with the following terms:

1. The remote seller or marketplace facilitator agrees to pay a minimum of 10 percent down payment on the tax, interest and penalty amount due. The down payment shall be applied first to penalty, then to accumulated interest, and then to the tax owed.

2. The remote seller or marketplace facilitator agrees to pay the balance of the tax, penalty and interest owed in monthly installments over a period not to exceed two years.

3. Interest at a rate of 15 percent per annum shall accrue on the principal sum due. Interest shall not apply to penalties owed or to interest accrued at the time the repayment plan is executed or accruing during the term of the repayment plan.

4. If the remote seller or marketplace facilitator is a corporation or a limited liability entity, the remote seller or marketplace facilitator agrees to provide a personal guarantee of the obligations under the repayment plan.

5. The remote seller or marketplace facilitator agrees to pay all future tax bills in accordance with the provisions of this chapter.

6. The remote seller or marketplace facilitator agrees to provide a security interest in the form of a sales tax lien for the entire unpaid balance of the promissory note to be recorded by the Commission at the time the repayment plan is signed. The remote seller or marketplace facilitator shall be responsible for the cost of recording the tax lien.

D. If a remote seller or marketplace facilitator fails to pay two or more payments in accordance with the terms of the repayment plan agreement, the remote seller or marketplace facilitator shall be in default and the entire amount owed at the time of default shall become immediately due. The Commission will send the remote seller or marketplace facilitator a notice of default. The Commission may immediately foreclose on the sales tax lien or take any other remedy available under the law. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.170.]

3.10.200 Remote seller or marketplace facilitator record retention.

Remote sellers or marketplace facilitators shall keep and preserve suitable records of all sales made and such other books or accounts as may be necessary to determine the amount of tax which the remote seller or marketplace facilitator is obliged to collect. Remote sellers or marketplace facilitators shall preserve suitable records of sales for a period of three years from the date of the return reporting such sales, and shall preserve for a period of three years all documentation supporting exempted sales of goods or services and all such other books, invoices and records as may be necessary to accurately determine the amount of taxes which the remote seller or marketplace facilitator was obliged to collect under this chapter. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.180.]

3.10.210 Cessation or transfer of business.

A. A remote seller or marketplace facilitator who sells, leases, conveys, forfeits, assigns, gifts or otherwise transfers (collectively, a “transfer”) the majority of their business interest, including to a creditor or secured party, shall make a final sales tax return within 30 days after the date of such conveyance.

B. At least 10 business days before any such transfer is completed, the remote seller or marketplace facilitator shall send to the Commission, by approved communication (email confirmation, certified first-class mail, postage prepaid) a notice that the remote seller’s or marketplace facilitator’s interest is to be conveyed and shall include the name, address and telephone number of the person or entity to whom the interest is to be conveyed.

C. Upon notice of transfer and disclosure of buyer, the Commission shall be authorized to disclose the status of the remote seller’s or marketplace facilitator’s sales tax account to the named buyer or assignee.

D. Upon receipt of notice of a transfer, the Commission shall send the transferee a copy of this code with this section highlighted.

E. Neither the Commission’s failure to give the notice nor the transferee’s failure to receive the notice shall relieve the transferee of any obligations under this section.

F. Following receipt of the notice, the Commission shall have 60 days in which to perform a final sales tax audit and assess sales tax liability against the remote seller or marketplace facilitator. If the notice is not mailed at least 10 business days before the transfer is completed, the Commission shall have 12 months from the date of the completion of the transfer or the Commission’s knowledge of the completion of the transfer within which to begin a final sales tax audit and assess sales tax liability against the remote seller or marketplace facilitator. The Commission may also initiate an estimated assessment if the requirements for such an assessment exist.

G. A person acquiring any interest of a remote seller or marketplace facilitator in a business required to collect the tax under this chapter assumes the liability of the remote seller or marketplace facilitator for all taxes due the Commission, whether current or delinquent, whether known to the Commission or discovered later, and for all interest, penalties, costs and charges on such taxes.

H. Before the effective date of the transfer, the transferee of a business shall obtain from the Commission an estimate of the delinquent sales tax, penalty and interest, if any, owed by the remote seller or marketplace facilitator as of the date of the transfer, and shall withhold that amount from the consideration payable for the transfer, until the remote seller or marketplace facilitator has produced a receipt from the Commission showing that all tax obligations imposed by this chapter have been paid. A transferee that fails to withhold the amount required under this subsection shall be liable to the Commission and member jurisdiction for the lesser of the amount of delinquent sales tax, penalty and interest due from the remote seller or marketplace facilitator as of the date of transfer,

and the amount that the transferee was required to withhold.

I. In this section, the term “transfer” includes the following:

1. A change in voting control, or in more than 50 percent of the ownership interest in a remote seller or marketplace facilitator that is a corporation, limited liability company or partnership; or

2. A sale of all or substantially all the assets used in the business of the remote seller or marketplace facilitator; or

3. The initiation of a lease, management agreement or other arrangement under which another person becomes entitled to the remote seller’s or marketplace facilitator’s gross receipts from sales, rentals or services.

J. Subsection (H) of this section shall not apply to any person who acquires their ownership interest in the ongoing business as a result of the foreclosure of a lien that has priority over the Commission’s sales tax lien.

K. Upon termination, dissolution or abandonment of a business entity, any officer having control or supervision of sales tax funds collected, or who is charged with responsibility for the filing of returns or the payment of sales tax funds collected, shall be personally liable for any unpaid taxes, interest, administrative costs and penalties on those taxes if such person willfully fails to pay or cause to be paid any taxes due from the corporation. In addition, regardless of willfulness, each director, member, or general partner of the entity shall be jointly and severally liable for unpaid amounts. The person shall be liable only for taxes collected which became due during the period he or she had the control, supervision, responsibility or duty to act for the corporation. This section does not relieve the entity of other tax liabilities or otherwise impair other tax collection remedies afforded by law.

L. A remote seller or marketplace facilitator who terminates the business without the benefit of a purchaser, successor or assign shall make a final tax return and settlement of tax obligations within 30 days after such termination. If a final return and settlement are not received within 30 days of the termination, the remote seller or marketplace facilitator shall pay a penalty of \$100.00, plus an additional penalty of \$25.00 for each additional 30-day

period, or part of such a period, during which the final return and settlement have not been made, for a maximum of six additional periods. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.190.]

3.10.220 Use of information on tax returns.

A. Except as otherwise provided in this chapter, all returns, reports and information required to be filed with the Commission under this code, and all information contained therein, shall be kept confidential and shall be subject to inspection only by:

1. Employees and agents of the Commission and member jurisdiction whose job responsibilities are directly related to such returns, reports and information;

2. The person supplying such returns, reports and information; and

3. Persons authorized in writing by the person supplying such returns, reports and information.

B. The Commission will release information described in subsection (A) of this section pursuant to subpoena, order of a court or administrative agency of competent jurisdiction, and where otherwise required by law to do so.

C. Notwithstanding subsection (A) of this section, the following information is available for public inspection:

1. The name and address of sellers and marketplace facilitators;

2. Whether a business is registered to collect taxes under this chapter;

3. The name and address of businesses that are 60 days or more delinquent in filing returns or in remitting sales tax, or both filing returns and remitting sales tax; and, if so delinquent, the amount of estimated sales tax due, and the number of returns not filed.

D. The Commission may provide the public statistical information related to sales tax collections; provided, that no information identifiable to a particular remote seller or marketplace facilitator is disclosed.

E. Nothing contained in this section shall be construed to prohibit the delivery to a person, or their duly authorized representative, of a copy of any return or report filed by them, nor to prohibit the publication of statistics so classified as to prevent the identification of particular buyers, remote

sellers, or marketplace facilitators, nor to prohibit the furnishing of information on a reciprocal basis to other agencies or political subdivisions of the state or the United States concerned with the enforcement of tax laws.

F. Nothing contained in this section shall be construed to prohibit the disclosure through enforcement action proceedings or by public inspection or publication of the name, estimated balance due, and current status of payments, and filings of any remote seller or marketplace facilitator or agent of any remote seller or marketplace facilitator required to collect sales taxes or file returns under this chapter, who fails to file any return and/or remit in full all sales taxes due within 30 days after the required date for that business. Entry into any agreement whether pursuant to the provisions of this chapter or otherwise shall not act as any prohibition to disclosure of the records of that remote seller or marketplace facilitator as otherwise provided in this chapter.

G. A prospective lessee or purchaser of any business or business interest may inquire as to the obligation or tax status of any business upon presenting to the Commission a release of tax information request signed by the authorized agent of the business.

H. Except as otherwise provided herein, all returns referred to in this chapter, and all data taken therefrom, shall be kept secure from public inspection, and from all private inspection. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.200.]

3.10.230 Violations.

A. A remote seller or marketplace facilitator that fails to file a sales tax return or remit sales tax when due, in addition to any other liability imposed by this code, shall pay to the Commission all costs incurred by the Commission to determine the amount of the remote seller's or marketplace facilitator's liability or to collect the sales tax, including, without limitation, reviewing and auditing the remote seller's or marketplace facilitator's business records, collection agency fees, and actual reasonable attorney's fees.

B. A person who causes or permits a corporation of which the person is an officer or director, a limited liability company of which the person is a member or manager, or a partnership of which the

person is a partner, to fail to collect sales tax or to remit sales tax to the Commission as required by this code shall be liable to the Commission for the amount that should have been collected or remitted, plus any applicable interest and penalty.

C. Notwithstanding any other provision of law, and whether or not the Commission initiates an audit or other tax collection procedure, the Commission may bring a declaratory judgment action against a remote seller or marketplace facilitator believed to meet the criteria to establish that the obligation to remit sales tax is applicable and valid under local, state and federal law. The action shall be brought in the judicial district of the member jurisdiction.

D. The Commission may cause a sales tax lien to be filed and recorded against all real and personal property of a remote seller or marketplace facilitator where the remote seller or marketplace facilitator has:

1. Failed to file sales tax returns for two consecutive filing periods as required by the code; or
2. Failed within 60 days of the end of the filing period from which taxes were due to either (a) remit all amounts due or (b) to enter into a secured payment agreement as provided in this code.
3. Prior to filing a sales tax lien, the Commission shall cause a written notice of intent to file to be mailed to the last known address of the delinquent remote seller or marketplace facilitator.

E. In addition to other remedies discussed in this code, the Commission may bring a civil action to:

1. Enjoin a violation of this code. On application for injunctive relief and a finding of a violation or threatened violation, the superior court shall enjoin the violation.
2. Collect delinquent sales tax, penalty, interest and costs of collection, either before or after estimating the amount of sales tax due.
3. Foreclose a recorded sales tax lien as provided by law.

F. All remedies hereunder are cumulative and are in addition to those existing at law or equity. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.210.]

3.10.240 Penalties for violations.

A. In the event that a penalty provided below is different from the same penalty in a member jurisdiction's sales tax code, the penalty prescribed in the member jurisdiction's sales tax code will apply.

B. A buyer, remote seller, or marketplace facilitator who knowingly or negligently submits false information in a document filed with the Commission pursuant to this code is subject to a penalty of \$500.00.

C. A remote seller or marketplace facilitator who knowingly or negligently falsifies or conceals information related to its business activities with the Commission or member jurisdiction is subject to a penalty of \$500.00.

D. A person who knowingly or negligently provides false information when applying for a certificate of exemption is subject to a penalty of \$500.00.

E. A remote seller or marketplace facilitator who fails or refuses to produce requested records or to allow inspection of their books and records shall pay to the Commission a penalty equal to three times any deficiency found or estimated by the Commission with a minimum penalty of \$500.00.

F. A remote seller or marketplace facilitator who falsifies or misrepresents any record filed with the Commission is guilty of an infraction and subject to a penalty of \$500.00 per record.

G. Misuse of an exemption card is a violation and subject to a penalty of \$50.00 per incident of misuse.

H. Nothing in this chapter shall be construed as preventing the Commission from filing and maintaining an action at law to recover any taxes, penalties, interest and/or fees due from a remote seller or marketplace facilitator. The Commission may also recover attorney's fees in any action against a delinquent remote seller or marketplace facilitator. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.220.]

3.10.250 Remittance of tax – Remote seller held harmless.

A. Any remote seller or marketplace facilitator that collects and remits sales tax to the Commission as provided by law may use an electronic database of state addresses that is certified by the Commission pursuant to subsection (C) of this section

to determine the member jurisdictions to which tax is owed.

B. Any remote seller or marketplace facilitator that uses the data contained in an electronic database certified by the Commission pursuant to subsection (C) of this section to determine the jurisdictions to which tax is owed shall be held harmless for any tax, charge, or fee liability to any member jurisdiction that otherwise would be due solely as a result of an error or omission in the database.

C. Any electronic database provider may apply to the Commission to be certified for use by remote sellers or marketplace facilitators pursuant to this section. Such certification shall be valid for three years. In order to be certified, an electronic database provider shall have a database that satisfies the following criteria:

1. The database shall designate each address in the state, including, to the extent practicable, any multiple postal address applicable to one location and the taxing jurisdictions that have the authority to impose a tax on purchases made by purchasers at each address in the state.

2. The information contained in the electronic database shall be updated as necessary and maintained in an accurate condition. In order to keep the database accurate, the database provider shall provide a convenient method for member jurisdictions that may be affected by the use of the database to inform the provider of apparent errors in the database. The provider shall have a process in place to promptly correct any errors brought to the provider's attention. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.240.]

3.10.260 Savings clause.

If any provision of this chapter, Alaska Remote Seller Sales Tax Code, and Chapter 3.08 CMC, Sales Tax Code, is determined by the Commission or an adjudicatory body of competent jurisdiction to discriminate against a remote seller in favor of a local seller with a physical presence in the taxing jurisdiction, the discriminatory provision shall continue in effect only to the extent such provision does not discriminate against a remote seller, and the comparable code provision applicable to a local seller will apply to a remote seller, and the remainder of Chapter 3.08 CMC and this chapter shall

continue in full force and effect. [Ord. 736 § 5 (Add. A), 2021.]

3.10.270 Definitions.

Adoption of definitions does not compel an individual municipality to exempt certain defined items. Each municipality should specifically adopt definitions necessary for consistency to implement both brick-and-mortar sales tax code and provisions related to remote sellers or marketplace facilitators. For definitions that have no applicability to brick-and-mortar sales tax code, municipality may choose either to include definitions in the definitional section of general sales tax ordinance or adopt the common definitions by reference.

“Buyer” or “purchaser” means a person to whom a sale of property or product is made or to whom a service is furnished.

“Commission” means the Alaska Remote Seller Sales Tax Commission established by agreement between local government taxing jurisdictions within Alaska, and delegated tax collection authority.

“Delivered electronically” means delivered to the purchaser by means other than tangible storage media.

“Delivery charges” means charges by the seller of personal property or services for preparation and delivery to a location designated by the purchaser of personal property or services including, but not limited to, transportation, shipping, postage, handling, crating and packing.

“Entity-based exemption” means an exemption based on who purchases the product or who sells the product. An exemption that is available to all individuals shall not be considered an entity-based exemption.

“Goods for resale” means:

1. The sale of goods by a manufacturer, wholesaler or distributor to a retail vendor; sales to a wholesale or retail dealer who deals in the property sold, for the purpose of resale by the dealer.

2. Sales of personal property as raw material to a person engaged in manufacturing components for sale, where the property sold is consumed in the manufacturing process of, or becomes an ingredient or component part of, a product manufactured for sale by the manufacturer.

3. Sale of personal property as construction material to a licensed building contractor where the

property sold becomes part of the permanent structure.

“Lease” or “rental” means any transfer of possession or control of tangible personal property for a fixed or indeterminate term for consideration. A lease or rental may include future options to purchase or extend.

“Local sale” means a sale by a seller with a physical presence in a taxing jurisdiction, where the point of delivery is a location within the same taxing jurisdiction.

“Marketplace” means a physical or electronic place, platform or forum, including a store, booth, internet website, catalog or dedicated sales software application, where products or services are offered for sale.

“Marketplace facilitator” means a person that contracts with remote sellers to facilitate for consideration, regardless of whether deducted as fees from the transaction, the sale of the remote seller’s property, product or services through a physical or electronic marketplace operated by the person, and engages:

1. Directly or indirectly, through one or more affiliated persons in any of the following:

- a. Transmitting or otherwise communicating the offer or acceptance between the buyer and remote seller;

- b. Owning or operating the infrastructure, electronic or physical, or technology that brings buyers and remote sellers together;

- c. Providing a virtual currency that buyers are allowed or required to use to purchase products from the remote seller; or

- d. Software development or research and development activities related to any of the activities described in subsection (1)(b) of this definition, if such activities are directly related to a physical or electronic marketplace operated by the person or an affiliated person; and

2. In any of the following activities with respect to the seller’s products:

- a. Payment processing services;

- b. Fulfillment or storage services;

- c. Listing products for sale;

- d. Setting prices;

- e. Branding sales as those of the marketplace facilitator;

- f. Order taking;

- g. Advertising or promotion; or

h. Providing customer service or accepting or assisting with returns or exchanges.

“Marketplace seller” means a person that makes retail sales through any physical or electronic marketplace that is operated by a marketplace facilitator.

“Member jurisdiction” means a taxing jurisdiction that is a signatory of the Alaska Remote Seller Sales Tax Agreement, thereby members of the Commission, and who have adopted the Alaska Remote Seller Uniform Sales Tax Code.

“Monthly” means occurring once per calendar month.

“Nonprofit organization” means a business that has been granted tax-exempt status by the Internal Revenue Service.

“Person” means an individual, trust, estate, fiduciary, partnership, limited liability company, limited liability partnership, corporation, or any other legal entity.

“Physical presence” for purposes of CMC 3.10.050 means a seller who establishes any one or more of the following within a member jurisdiction:

1. Has any office, distribution or sales house, warehouse, storefront, or any other place of business within the boundaries of the member jurisdiction;

2. Solicits business or receiving orders through any employee, agent, salesman, or other representative within the boundaries of the member jurisdiction;

3. Provides services or holds inventory within the boundaries of the member jurisdiction;

4. Rents or leases property located within the boundaries of the member jurisdiction.

A seller that establishes a physical presence within the local member jurisdiction in any calendar year will be deemed to have a physical presence within the member jurisdiction for the following calendar year.

“Point of delivery” means the location at which property or a product is delivered or service is rendered.

1. When the product is not received or paid for by the purchaser at a business location of a remote seller in a member jurisdiction, 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.

2. When the product is received or paid for by a purchaser who is physically present at a business location of a remote seller in a member jurisdiction the sale is considered to have been made in the member jurisdiction where the purchaser is present even if delivery of the product takes place in another member jurisdiction. Such sales are reported and tax remitted directly to the member jurisdiction not to the Commission.

3. When the service is not received by the purchaser at a business location of a remote seller, the service is considered delivered to the location where the purchaser receives the service.

4. For products or services transferred electronically, or other sales where the remote seller or marketplace facilitator lacks a delivery address for the purchaser, the remote seller or marketplace facilitator shall consider the point of delivery of the sale to be the billing address of the buyer.

“Product-based exemptions” means an exemption based on the description of the product and not based on who purchases the product or how the purchaser intends to use the product.

“Professional services” means services performed by architects, attorneys-at-law, certified public accountants, dentists, engineers, land surveyors, surgeons, veterinarians, and practitioners of the healing arts (the arts and sciences dealing with the prevention, diagnosis, treatment and cure or alleviation of human physical or mental ailments, conditions, diseases, pain or infirmities) and such occupations that require a professional license under Alaska Statute.

“Property” and “product” and “good” means both tangible property, an item that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses; and intangible property, anything that is not physical in nature (i.e., intellectual property, brand recognition, goodwill, trade, copyright and patents).

“Quarter” means trimonthly periods of a calendar year; January-March, April-June, July-September, and October-December.

“Receive” or “receipt” for purposes of CMC 3.10.030 and the definition of “point of delivery” means:

1. Taking possession of property or product;

2. Making first use of services; or
3. 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.

“Remote sales” means sales of goods or services by a remote seller or marketplace facilitator.

“Remote seller” means a seller or marketplace facilitator making sales of goods or services for delivery within the state of Alaska without having a physical presence in the member jurisdiction in which delivery is being made.

“Resale of services” means sales of intermediate services to a business where the charge for which will be passed directly by that business to a specific buyer.

“Sale” or “retail sale” means any transfer of property or product or any provision of service(s) for consideration for any purpose other than for resale.

“Sales price” or “purchase price” means the total amount of consideration, including cash, credit, property, products, and services, for which property, products, or services are sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for the following:

1. The seller’s cost of the property or product sold;
2. The cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller;
3. Charges by the seller for any services necessary to complete the sale, other than delivery and installation charges;
4. Delivery charges;
5. Installation charges; and
6. Credit for any trade-in, as determined by state law.

“Seller” means a person making sales of property, products, or services, or a marketplace facilitator facilitating sales on behalf of a seller.

“Services” means all services of every manner and description, which are performed or furnished for compensation, and delivered electronically or otherwise into a member jurisdiction including but not limited to:

1. Professional services;

2. Services in which a sale of property or product may be involved, including property or products made to order;

3. Utilities and utility services not constituting a sale of property or products, including but not limited to sewer, water, solid waste collection or disposal, electrical, telephone services and repair, natural gas, cable or satellite television, and internet services;

4. The sale of transportation services;

5. Services rendered for compensation by any person who furnishes any such services in the course of his trade, business, or occupation, including all services rendered for commission;

6. Advertising, maintenance, recreation, amusement, and craftsman services.

“Tax cap” means a maximum taxable transaction.

“Taxing jurisdiction” means a local government in Alaska that has a sales tax.

“Transferred electronically” means obtained by the purchaser by means other than tangible storage media. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.250.]

3.10.280 Supplemental definitions.

For purposes of this chapter, the Commission may promulgate supplemental definitions that are incorporated into this Remote Seller Sales Tax Code, provided they are not in conflict with or contrary to definitions set forth in the general sales tax ordinance of the member jurisdiction. Supplemental definitions are available at www.arsstc.org. Provisions of the supplemental definitions that are amended, deleted, or added prior to or after the effective date of the latest amendment to this chapter shall be applicable for purposes of this chapter on the effective date provided for such amendments, deletions, or additions, including retroactive provisions. [Ord. 736 § 5 (Add. A), 2021; Ord. 726 § 5 (Add. A), 2020. Formerly 3.10.260.]

Chapter 3.12**LIMITATION OF ACTION ON TAX
REFUND CLAIMS**

Sections:

- 3.12.010 Garbage.
- 3.12.020 Sewers.
- 3.12.030 Water.
- 3.12.040 Sales taxes – Refund action.
- 3.12.050 Sales taxes – Refund limitation.
- 3.12.060 Real property taxes – Refund action.
- 3.12.070 Real property taxes – Refund limitation.

3.12.010 Garbage.

A claim for garbage utility charge refund must be filed within one year from the due date of the monthly billing upon which refund is sought or the refund claim is forever barred. The intent of this section is to preclude presentment of stale claims. [Ord. 163 § 5, 1979.]

3.12.020 Sewers.

A claim for sewer utility charge refund must be filed within one year from the due date of the monthly billing upon which refund is sought or the refund claim is forever barred. The intent of this section is to preclude presentment of stale claims. [Ord. 163 § 6, 1979.]

3.12.030 Water.

A claim for water utility charge refund must be filed within one year from the due date of the monthly billing upon which refund is sought or the refund claim is forever barred. The intent of this section is to preclude presentment of stale claims. [Ord. 163 § 7, 1979.]

3.12.040 Sales taxes – Refund action.

An action may be brought by a taxpayer for recovery of sales taxes, and the refund, if applicable, shall include the amount in excess of that determined to be owed, plus interest thereon at eight percent per year, plus refund of any penalty assessed. [Ord. 163 § 8, 1979.]

3.12.050 Sales taxes – Refund limitation.

A claim for sales tax refund filed after one year of the due date of the tax is forever barred. [Ord. 163 § 9, 1979.]

3.12.060 Real property taxes – Refund action.

If a taxpayer pays real property taxes under protest, action may be brought by the party for recovery of taxes, and the refund, if applicable, shall include the amount in excess of that determined to be owed, plus interest thereon at eight percent per year, plus refund of any penalty assessed. [Ord. 163 § 10, 1979.]

3.12.070 Real property taxes – Refund limitation.

A claim for a real property tax refund filed after one year of the due date of the tax is forever barred. [Ord. 163 § 11, 1979.]

Chapter 3.13**INTEREST RATES FOR DELINQUENT OR PAST DUE ACCOUNTS**

Sections:

3.13.010 Interest rate – Established.

3.13.010 Interest rate – Established.

Interest rates for delinquent or past due accounts not otherwise established by the city council shall be 10.5 percent per year. [Ord. 414 § 5, 1995; Ord. 262 § 4, 1988.]

Chapter 3.14

INVESTMENT OF OPERATING FUNDS

Sections:

- 3.14.010 Objective.
- 3.14.020 Treasury management.
- 3.14.030 Permissible investments.
- 3.14.040 Collateralization and custody.
- 3.14.050 Diversification.
- 3.14.060 Internal control.
- 3.14.070 Competitive selection of investment instruments.

3.14.010 Objective.

There are opportunities from time to time for the city to invest surplus operating funds. Such funds are generally short-term in nature and are often restricted as to their use, and as such are best not commingled in the Craig endowment fund. Safety of principal is the foremost investment objective of the city of Craig. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they are from securities defaults or erosion of market value. The city of Craig seeks to attain market rates of return on its investments, consistent with constraints imposed by its safety objectives and cash flow considerations that restrict placement of public funds. All participants in the investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in the city of Craig. [Ord. 529 § 4, 2004.]

3.14.020 Treasury management.

In accordance with CMC 2.04.060, the responsibility for conducting investment transactions resides with the mayor, city administrator and city treasurer. The mayor, administrator and treasurer shall not deposit funds in any depository that is not a member of the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA) or the Securities Investor Protection Corporation (SIPC). Investments shall be made with judgement and care – under circumstances then prevailing – which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable

safety of their capital as well as the probable income to be derived. [Ord. 529 § 4, 2004.]

3.14.030 Permissible investments.

A. Operating funds of the city of Craig may be invested in:

1. Federally insured or fully collateralized certificates of deposit of banks and credit unions maturing within two years;

2. U.S. Government Treasury, agency and instrumentality securities;

3. Notes or bonds issued by the state of Alaska or its political subdivisions or other states of the United States, maturing within two years, with a credit rating of A-/A3 or better from two national ratings agencies, maturing within two years;

4. Repurchase agreements collateralized by U.S. Treasury securities and marked to market. If repurchase agreements are overnight investments or if securities are collateralized in excess of 102 percent, marked to market is not necessary;

5. A state investment pool formed within the state of Alaska and comprised of agencies of the state and/or its political subdivisions;

6. Money market mutual funds whose portfolios consist entirely of U.S. Government securities. [Ord. 529 § 4, 2004.]

3.14.040 Collateralization and custody.

A. Collateralization will be required to be pledged on two types of investments: certificates of deposit not covered by insurance, and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be a minimum of 102 percent.

B. The city chooses to limit collateral to the following:

1. State and municipal bonds and notes rated A-/A3 or better;

2. U.S. Government Treasury, agency and instrumentality securities.

C. Collateral will always be held by an independent third party with whom the city has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the city and retained.

D. The right of collateral substitution will be granted only after a signed release from the city is obtained, except for par value substitutions.

E. All security transactions, including collateral for repurchase agreements, entered into by the city of Craig shall be conducted on a delivery versus payment basis. Securities will be held by a third party custodian designated by the treasurer and evidenced by safekeeping receipts. [Ord. 529 § 4, 2004.]

3.14.050 Diversification.

A. It is the policy of the city to diversify its investment portfolio. The following general policies and constraints shall apply:

1. Portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector. Maturities selected shall provide for stability of income and reasonable liquidity;

2. Maturities shall attempt to match anticipated cash requirements;

3. No operating fund investment may carry a maturity date of more than two years.

B. Diversification strategies shall be determined and revised periodically by the city treasurer. [Ord. 529 § 4, 2004.]

3.14.060 Internal control.

As part of the annual audit, there shall be a review by the external auditor to assure the compliance of the city's ordinance. [Ord. 529 § 4, 2004.]

3.14.070 Competitive selection of investment instruments.

A. Before the city invests any surplus funds, a competitive "bid" process shall be conducted. If a specific maturity date is required, either for cash flow purposes or for conformance to maturity guidelines, bids will be requested for instruments that meet the maturity requirement. Bids will be requested from the financial institutions for various options with regards to term and instrument. The city will accept the bid that provides the highest rate of return within the maturity required and within the parameters regarding investments.

B. Bid Provisions.

1. The city treasurer shall solicit bids from a minimum of two banks or financial institutions for each operating fund investment.

2. Notices to bid shall be delivered in person, by mail, or by other electronic means including telephone, fax machines or e-mail, to those eligible banks and financial institutions as the city may elect.

3. Notice to bid shall set forth:

a. The principal amount, maturity date, the investment period and the cash settlement date;

b. The date, time and place of bid opening; and

c. Such other information as the city, from time to time, may deem necessary or appropriate.

4. Bids may be delivered to the city in person, by mail or by other electronic means as authorized by the city. No bid, or amendment to a bid, will be accepted after the time set forth in the notice. In the event no bids are received, the treasurer may negotiate the investment with any eligible bank or financial institution. The city reserves the right to cancel any or all notices to bid, in whole or in part, for any reason at any time, and the cancellation of a notice to bid will be binding on banks and financial institutions submitting bids.

5. Bids shall identify separately each investment by principal amount and maturity date. Interest rates shall be a rate per annum calculated on a comparable basis. Bids for portions of investments may be accepted by the city at the discretion of the treasurer.

6. Bidders not affiliated with a bank must demonstrate that they are classified as reporting dealers affiliated with the Federal Reserve Bank as primary dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

7. If identical bids are received from two or more banks or financial institutions, the treasurer shall, at the treasurer's discretion, award by lot.

8. The mayor, administrator and treasurer shall award the bid made on each investment to the bank or financial institution offering the highest effective return to the city (giving consideration to the security of the investment and the margin of risk).

9. The city of Craig reserves the right to accept or reject any and all bids, in whole or in part, when deemed to be in the best interests of the city.

10. Upon maturity of an initial investment of surplus funds, the investments may be maintained at the financial institution and rolled into the same financial instrument for one new term. [Ord. 529 § 4, 2004.]

Chapter 3.15

CRAIG ENDOWMENT FUND INVESTMENT POLICIES

Sections:

- 3.15.010 Endowment fund created.
- 3.15.020 Source of funds.
- 3.15.030 Growth of principal.
- 3.15.040 Treasury management.
- 3.15.050 Permissible investments.
- 3.15.055 Asset allocation and performance.
- 3.15.060 Collateralization and custody.
- 3.15.070 Diversification.
- 3.15.080 Asset allocation and performance benchmarks.
- 3.15.090 Reporting requirements.
- 3.15.100 Appropriation of earnings.
- 3.15.110 Use of principal as collateral.

3.15.010 Endowment fund created.

A. There is created an endowment fund.

B. Safety of principal is the foremost investment objective of the fund. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they are from securities defaults or permanent erosion of market value. The city of Craig seeks to attain market rates of return on its investments, consistent with constraints imposed by its safety objectives and cash flow considerations that restrict placement of public funds. All participants in the investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in the city of Craig. [Ord. 529 § 4, 2004.]

3.15.020 Source of funds.

From time to time, the council will appropriate undesignated funds to the endowment fund. Funds once dedicated are intended to be held in the fund for perpetuity unless otherwise unanimously determined by the council. [Ord. 529 § 4, 2004.]

3.15.030 Growth of principal.

A. The long-term goals of the endowment fund are:

1. To achieve a level of earnings that exceeds the average rate of inflation, as reported by the Anchorage CPI index. In order to avoid the effects

10. Upon maturity of an initial investment of surplus funds, the investments may be maintained at the financial institution and rolled into the same financial instrument for one new term. [Ord. 529 § 4, 2004.]

Chapter 3.15

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3.15.030 Growth of principal.

A. The long-term goals of the endowment fund are:

1. To achieve a level of earnings that exceeds the average rate of inflation, as reported by the Anchorage CPI index. In order to avoid the effects

of extreme activities in the market place from year-to-year, it is directed that the fund earnings be compared to a five-year rolling average rate of inflation. Until the fund has been in existence for five years, the earnings will be expected to meet the average rate of inflation since inception;

2. To allow for the appropriation of earnings to supplement general operating funds and to provide match or funds for capital construction projects; and

3. To increase the principal of the fund using net earnings and other funds. [Ord. 529 § 4, 2004.]

3.15.040 Treasury management.

A. The endowment fund shall be managed in accordance with the prudent expert rule, which requires management with care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

B. The city treasurer or city administrator may, with concurrence of the city council, retain a registered investment advisor to manage all or part of the endowment fund. Such advisor will be bound by all aspects of this chapter. A report of absolute and comparative performance and of compliance with this chapter shall be provided to the city council quarterly by the investment advisor. In addition, a copy of the Association of Investment Management and Research report, and a completed copy of Part II of Securities and Exchange Commission Form ADV, shall be provided to the city council annually by the investment advisor. These reporting requirements are in addition to any other reporting requirements contained within this chapter. Investment guidelines given to such advisor may be more restrictive than the policies contained herein, but may not be less restrictive. [Ord. 529 § 4, 2004.]

3.15.050 Permissible investments.

A. The city of Craig endowment fund may be invested in:

1. U.S. Government Treasury, agency and instrumentality securities;

2. Notes or bonds issued by the state of Alaska or its political subdivisions or other states of the United States, maturing within two years,

with a credit rating of A-/A3 or better from two national ratings agencies;

3. Federally insured or fully collateralized certificates of deposit of banks and credit unions, maturing within two years;

4. Repurchase agreements collateralized by U.S. Treasury securities and marked to market. If repurchase agreements are overnight investments or if securities are collateralized in excess of 102 percent, marked to market is not necessary;

5. A state investment pool formed within the state of Alaska and comprised of agencies of the state and/or its political subdivisions;

6. Money market mutual funds whose portfolios consist entirely of U.S. Government securities;

7. Any of the following:

a. Mortgage-backed and asset-backed obligations denominated in U.S. dollars with a credit rating of A-/A3 or better from two national ratings agencies;

b. Corporate debt obligations of U.S. domiciled corporations denominated in U.S. dollars with a rating of A-/A3 or better from at least two national ratings agencies;

c. Convertible debt obligations of U.S. domiciled corporations denominated in U.S. dollars with a credit rating of A-/A3 or better from two national ratings agencies;

8. Domestic equities which, taken as a whole, attempt to replicate the Standard and Poor's 500 Index, including both mutual funds and exchange traded funds (ETFs);

9. International equities which, taken as a whole, attempt to replicate the Morgan Stanley Europe, Australasia, Far East (EAFE) Index or the FTSE Developed ex North America Index, including both mutual funds and exchange traded funds;

10. Equities which, taken as a whole, attempt to replicate the universe of domestic real estate investment trusts as represented by the Standard and Poor's REIT Index or a similar national index, including both mutual funds and exchange traded funds;

11. Domestic equities which, taken as a whole, attempt to replicate the Standard and Poor's 400 MidCap Index or a substantially similar index, including both mutual funds and exchange traded funds;

12. Domestic equities which, taken as a whole, attempt to replicate the Standard and Poor's 600 SmallCap Index or a substantially similar index, including both mutual funds and exchange traded funds (ETFs);

13. International equities which, taken as a whole, attempt to replicate the MSCI Emerging Market Index or a substantially similar index, including both mutual funds and exchange traded funds;

14. Equities which, taken as a whole, attempt to replicate the universe of publicly traded infrastructure investments as represented by the STOXX Global Broad Infrastructure Index or a substantially similar index, including both mutual funds and exchange traded funds;

15. Commodities which, taken as a whole represent the Bloomberg Commodity Index or a substantially similar index, including both mutual funds and exchange traded funds;

16. High yield domestic bonds which, taken as a whole, attempt to mirror the characteristics of or replicate the Bloomberg Barclays U.S. Corporate High Yield Very Liquid Index or a substantially similar index, including both mutual funds and exchange traded funds;

17. Alternative Beta funds which, taken as a whole, attempt to provide systematic exposure to trading strategies included in, or similar to, those within the Wilshire Liquid Alternatives Index, or another index of similar characteristics, utilizing mutual funds and/or exchange traded funds that adhere to the limitations identified in CMC 3.15.055(B). [Ord. 749 § 4, 2022; Ord. 727 § 4, 2020; Ord. 648 § 4, 2013; Ord. 579 § 4, 2007; Ord. 529 § 4, 2004.]

3.15.055 Asset allocation and performance.

Endowment fund asset allocation and performance:

A. The fund's asset allocation targets and ranges shall be set by the city council by resolution.

B. The city council will take a conservative posture on derivative securities in order to maintain a risk averse posture. Since it is anticipated that new derivative products will be created each year, it is not the city council's intention to list specific derivatives that are prohibited from investment; rather it will form a general policy on derivatives. The city council recognizes that derivatives may be

utilized within investment vehicles as a portfolio management tool. Derivative use within an investment vehicle is permissible when utilized for the purpose of creating or enhancing exposure to an asset class or implementation strategy. Due to the inherent characteristics of derivatives, embedded leverage is permissible when fully collateralized. Net exposure of an investment vehicle exceeding the asset value of the investment vehicle is prohibited. Exposure must be net long at all times.

C. Performance of the Craig endowment fund's investment advisors will be measured as follows:

1. Performance measurement for the domestic equity allocation will be measured against the target weighting, using the Standard and Poor's 500 Index as the benchmark.

2. Performance measurement for the Mid-Cap equity allocation will be measured against the target weighting, using the Standard and Poor's 400 MidCap Index as the benchmark.

3. Performance measurement for the international equity allocation will be measured against the target weighting, using the Morgan Stanley Europe, Australasia, Far East (EAFE) Index or the FTSE Developed ex North America Index for the benchmark.

4. Performance measurement for the real estate allocation will be measured against the target weighting using the Standard and Poor's REIT Index or a similar national index for the benchmark.

5. Performance measurement for the fixed income allocation will be measured against the target weighting using the Lehman Intermediate Government/Credit Index for the benchmark. The duration of the fixed income allocation should be maintained between 80 percent and 120 percent of the duration of the benchmark.

6. Performance measurement for the Small-Cap equity allocation will be measured against the target weighting, using the Standard and Poor's 600 SmallCap Index as the benchmark.

7. Performance measurement for the emerging market equity allocation will be measured against the target weighting, using the MSCI Emerging Market Index or a substantially similar index for the benchmark.

8. Performance measurement for the Infrastructure allocation will be measured against the target weighting using the STOXX Global Broad

Infrastructure Index or a substantially similar index for the benchmark.

9. Performance measurement for the Commodity allocation will be measured against the target weighting using the Bloomberg Commodity Index or a substantially similar index for the benchmark.

10. Performance measurement for the U.S. High Yield Credit allocation will be measured against the target weighting using the Bloomberg Barclays U.S. Corporate High Yield Very Liquid Index or a substantially similar index for the benchmark.

11. Performance measurement for the Alternative Beta allocation will be measured against the target weighting using the Wilshire Liquid Alternatives Index or a substantially similar index for the benchmark. [Ord. 749 § 4, 2022; Ord. 727 § 4, 2020; Ord. 648 § 4, 2013; Ord. 579 § 4, 2007.]

3.15.060 Collateralization and custody.

A. Collateralization will be required to be pledged on two types of investments: certificates of deposit not covered by insurance, and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be a minimum of 102 percent.

B. The city chooses to limit collateral to the following:

1. State and municipal bonds and notes rated A-/A3 or better;
2. U.S. Government Treasury, agency and instrumentality securities.

C. Collateral will always be held by an independent third party with whom the city has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the city and retained.

D. The right of collateral substitution will be granted only after a signed release from the city is obtained, except for par value substitutions.

E. All security transactions, including collateral for repurchase agreements, entered into by the city of Craig shall be conducted on a delivery versus payment basis. Securities will be held by a third party custodian designated by the treasurer and evidenced by safekeeping receipts.

F. For that portion of the endowment fund that is managed by an investment manager, all funds

and securities shall be held by an independent third party custodian. Settlement of transactions shall be performed by the independent third party custodian at the direction of the investment manager. [Ord. 529 § 4, 2004.]

3.15.070 Diversification.

It is the policy of the city to diversify its investment portfolio. Diversification strategies shall be determined and revised periodically by the city treasurer and city administrator, and presented to the city council for approval. [Ord. 579 § 4, 2007; Ord. 529 § 4, 2004.]

3.15.080 Asset allocation and performance benchmarks.

A. No more than five percent of the endowment fund portfolio that is managed by an investment manager may be held in the form of cash equivalents for a period longer than 30 days, unless extenuating circumstances exist. Such circumstances should be documented in writing by the investment manager. Anticipated cash requirements for the city should be documented in writing by the treasurer or administrator to the investment manager.

B. The portion of the endowment fund managed by an investment manager shall be compared to appropriate benchmarks. Asset allocation of the investment portfolio shall hold securities similar to those held in the appropriate benchmarks.

C. That portion of the fund that is held by the city in other financial instruments for collateralization of loans is exempt from this section. [Ord. 529 § 4, 2004.]

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Chapter 3.16**SELECTION OF BANKING SERVICES**

Sections:

- 3.16.010 Selection of banking services.
3.16.020 Signatories.

3.16.010 Selection of banking services.

A. Recognizing that long-term banking relationships are beneficial to the daily operations of the city, city operating funds, i.e., checking and small savings accounts, shall remain with a financial institution, so long as the services provided meet the needs of the city.

B. The city shall seek to establish and maintain a low-cost banking relationship for its day-to-day operating funds. The treasurer or administrator shall take care to minimize banking fees where possible and maximize interest earnings. At the treasurer or administrator's discretion, a competitive bid process can be initiated to determine the benefits of moving the city's operating funds to a different financial institution. In selecting depositories, the credit worthiness and financial history shall be reviewed. Convenience and efficiency shall be given consideration when reviewing the merits of a financial institution. [Ord. 529 § 4, 2004.]

3.16.020 Signatories.

For all accounts maintained by the city, the mayor, city administrator, treasurer, and city clerk shall be account signers. For additional convenience, city council members and other city officials may be assigned to the accounts. Withdrawal transactions require two authorized signatures. [Ord. 529 § 4, 2004.]

Chapter 3.17**ADOPTION AND DEFINITIONS**

Sections:

- 3.17.010 Investment policy adoption.
3.17.020 Definitions.

3.17.010 Investment policy adoption.

The city's investment policy shall be adopted by ordinance. The budget committee shall review the policy on an annual basis and any modifications made thereto must be approved by the city council. [Ord. 529 § 4, 2004.]

3.17.020 Definitions.

As used in Chapters 3.14, 3.15, and 3.16 CMC, the following definitions apply:

"Adjusted net earnings" means the amount in dollars remaining after an amount equal to the five-year rolling average rate of inflation on the endowment fund's market value is deducted from net earnings.

"Delivery versus payment" means that a security will be delivered to safekeeping simultaneous to cash being paid for the security.

"Earnings" means interest, dividends, and capital gains realized and received during the calendar year. Unrealized gains and accrued interest are not considered "earnings."

"Financial institution" means a bank, savings and loan association or securities dealer.

"Marked to market" means to value a security at its current sales price.

"Money market mutual funds" means a mutual fund which maintains a constant share price regardless of market fluctuations, and which has an average maturity for its entire portfolio of one year or less.

"Net earnings" means the amount in dollars remaining after payment of advisor and custodial fees are made from annual earnings of the endowment fund.

"Pledged" means specific securities set aside as collateral which are identified to a specific account.

"Repurchase agreements" means short-term transactions consisting of the purchase of a security with the promise to return it at a later date.

“U.S. Government agency and instrumentality securities” means highly rated (AA- or better) obligations issued on behalf of U.S. Government-sponsored enterprises and quasi-public corporations. Issuers include the Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and others.

“U.S. Government Treasury obligations” means direct obligations backed by the full faith and credit of the U.S. Government, such as U.S. Treasury bills, notes, and bonds. [Ord. 529 § 4, 2004.]