

**CITY OF CRAIG  
MEMORANDUM**

To: Craig City Council  
From: Brian Templin, City Administrator  
Date: July 27, 2022  
RE: Resolution 22-21, Setting the Sales Tax Cap on Fuel in Craig

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The council is considering Ordinance 748 for final approval at the August 4, 2022 council meeting. If approved, that ordinance allows the city council to set the cap on fuel sales tax by resolution.

In the discussion of the ordinance the council will consider a couple of alternatives. We have prepared a different attachment for the resolution based on the adopted option included in ordinance 748.

A copy of the resolution and the attachment options are attached to this memo. The council should review the attachment that pertains to the tax cap method chosen in Ordinance 748 and move to adopt the resolution along with that attachment language.

Recommended Motion: Move to approve Resolution 22-21 with Attachment A for Option (A, B, C, or D).

**ORDINANCE No. 748  
ATTACHMENT A**

Title 3 of the Craig Municipal Code is hereby amended by adopting a new definition for “Fuel” in Section 3.08.010 and adding a cap on sales tax collected on fuel in Section 3.08.020 to read as follows:

**3.08.010 Definitions**

“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.

**3.08.020 Levy of Sales Tax – rate**

E. The following are exempt from the tax:

26. Gross receipts derived from sales of fuel for that portion of the per gallon cost above a rate set by resolution by the Craig City Council. This provision is effective until June 30, 2023.

## OPTION A – CAP ON TOTAL SALE

Attachment A

As defined in 3.08.010 and detailed in CMC 3.08.020, Unleaded Gasoline and Diesel Fuel – Gross sales after the first \$500 are exempt from city sales tax.

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## OPTION B – REDUCED SALES TAX

Attachment A

As defined in 3.08.010 and detailed in CMC 3.08.020, Unleaded Gasoline and Diesel Fuel are subject to sales tax at a rate of 4%.

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## OPTION C – PER GALLON TAX CAP

Attachment A

As defined in 3.08.010 and detailed in CMC 3.08.020, Unleaded Gasoline and Diesel Fuel sales tax at a rate of \$.225 per gallon.

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## OPTION D – FUEL SALES TAX REBATE

Attachment A

As defined in 3.08.010 and detailed in CMC 3.08.020, Unleaded Gasoline and Diesel Fuel PURCHASES subject to Craig sales tax paid on fuel is eligible for a rebate of 1% of the gross fuel purchase. Rebate requests shall be filed in a time and manner proscribed by the city. To be eligible for a rebate person's must include copies of receipts showing eligible payments for fuel, and a completed form provided by the city.

**CITY OF CRAIG  
RESOLUTION 22-21**

**A RESOLUTION SETTING RATES FOR A CAP ON SALES TAX FOR FUEL**

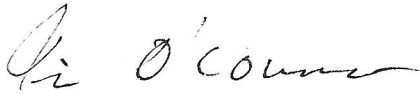
**WHEREAS**, the Craig City Council has determined that with steeply rising fuel prices that a cap on sales tax collected is in the best interest of the city and its residents; and,

**WHEREAS**, the Craig City Council has adopted Ordinance 748 amending Section 3.08.010 and 3.08.020 of the Craig Municipal Code to allow for a tax cap on fuel at a rate set by resolution by the council; and,

**WHEREAS**, this resolution sets that cap.

**THEREFORE BE IT RESOLVED** that Craig City Council sets a cap on the tax rate/sales tax collected on fuels as shown in attachment A of this resolution.

PASSED AND APPROVED by a duly constituted quorum of the city council this 4th day of August, 2022.



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MAYOR TIM O'CONNOR



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HEATHER MENDONSA, CITY CLERK

