

CITY OF CORDOVA, ALASKA  
ORDINANCE 1227

**AN ORDINANCE OF THE COUNCIL OF THE CITY OF CORDOVA, ALASKA AMENDING CMC SECTION 5.10.080 “MAXIMUM TAX PER TRANSACTION-THE TAX CAP” TO APPLY THE TAX CAP TO SINGLE INVOICES RATHER THAN SINGLE ITEMS OR SINGLE TRANSACTIONS OF SERVICE EXCEPT AS OTHERWISE PROVIDED IN THE CORDOVA MUNICIPAL CODE FOR SERVICE CONTRACTS, RENTALS, AND BUNDLED TRANSACTIONS, AND TO AMEND CMC 5.10.085 TO REMOVE REFERENCE TO SINGLE SERVICE TAX CAP AND SINGLE ITEM TAX CAP**

**WHEREAS**, Cordova Municipal Code previously applied a sales tax cap on “single items” and “single transactions of service”; and

**WHEREAS**, despite the language in the Code the tax cap was often applied by sellers to multiple transactions and items billed on a single invoice; and

**WHEREAS**, City Council adopted Code provisions clarifying the application of the tax cap that went into effect January 1, 2025; and

**WHEREAS**, after the adoption of the clarified Code provisions several sellers reached out to Council and expressed frustration regarding the application of the tax cap to single items or single transactions of service and requested that the City of Cordova (“City”) instead codify the application of the tax cap to single invoices; and

**WHEREAS**, City Council determined it was in the best interest of the City to apply the tax cap to single invoices rather than to single items and single transactions of service in response to the concerns of its sellers and their customers; and

**WHEREAS**, the City’s application of the tax cap by invoice still requires that single items and transactions of service be itemized on the invoice, preserving consistency with the Alaska Remote Sellers Tax Commission definition for and treatment of “bundled transactions”.

**NOW, THEREFORE, BE IT ORDAINED** by the Council of the City of Cordova, Alaska that:

**Section 1.** Section 5.10.080 of the Cordova Code of Ordinances of Cordova, Alaska is hereby amended to read as follows:

**5.10.080 Maximum tax per transaction—~~The tax cap.~~**

- A. *Maximum Tax on a Single Integrated Sale Item or Single Transaction of a Service.* Except as otherwise provided in this section, only the first \$5,000.00 of **a single integrated sale**~~the sales price of a single item or single transaction for a service~~ shall be subject to sales tax. ~~This maximum tax per single transaction for a service may be referred to as “the single service tax cap.” or when applied to an item, “the single item tax cap.”~~ **For purposes of this section, a “single integrated sale” is the sale of goods or services that are itemized on a single invoice from and by the same seller with the itemized services completed by the date the goods itemized on the same invoice are delivered.**
- B. *Extended Services and Deliveries.* Payment for services to be rendered or personal property to be delivered over a period of more than one month shall be treated as separate transactions occurring one each month over the period of time that the service is rendered or property delivered. The

purchase price shall be allocated pro rata to each month in which the service is rendered or the property delivered with the tax cap applied to the first \$5,000 of each monthly transaction and subject to taxation until the service is no longer performed or the property is fully delivered.

- C. *Rentals rendered over more than a month.* Except as otherwise provided in this Chapter, the payment of rent, whether for real or personal property that is for more than one month shall be treated as a separate transaction **and separate integrated sale** each month the property is rented with the tax cap applied to the first \$5,000.00 of each monthly transaction until the end of the rental term.
- D. *Rentals rendered over less than one month.* ~~Except as otherwise provided in this Chapter, t~~The payment of rent, whether for real or personal property, that is for less than one month shall be treated as a separate transaction **and separate integrated sale** each day the property is rented with the tax cap applied to the first \$5,000 of each nightly transaction subject to taxation.

**Section 2.** Section 5.10.085 of the Cordova Code of Ordinances of Cordova, Alaska is hereby amended to read as follows:

**5.10.085 Bundled transactions.**

- A. If the sales price of a bundled transaction is attributable to both products or services that are taxable and products or services that are nontaxable, the portion of the sales price attributable to the nontaxable products may be subject to tax unless the seller can identify the nontaxable portion by reasonable and verifiable standards using its books or records that are kept in the regular course of business for other purposes, including, but not limited to, non-tax purposes.
- B. Except as otherwise authorized in this Chapter, a bundled transaction does not qualify for **the tax cap exemption** ~~under Cordova's single item tax cap or single service tax cap~~ and thus the full sale price of the bundled transaction shall be subject to tax unless the following conditions are met:
1. The seller separates the respective portions of a bundle for purposes of applying the tax cap to each respective portion; and
  2. The seller identifies the sales price attributed to each portion by reasonable and verifiable standards using its books or records that are kept in the regular course of business for other purposes, including, but not limited to, non-tax purposes, on the sales tax return containing the sale for which the tax cap was applied.

**Section 3.** This ordinance shall be effective April 1, 2025, and enacted in accordance with Section 2.13 of the Charter of the City of Cordova, Alaska.

1<sup>st</sup> reading: February 5, 2025

2<sup>nd</sup> reading and public hearing: February 19, 2025

**PASSED AND APPROVED THIS 19<sup>th</sup> DAY OF FEBRUARY 2025.**



David Allison, Mayor

ATTEST:

Susan Bourgeois, CMC, City Clerk