

**CITY OF CORDOVA, ALASKA  
ORDINANCE 1228**

**AN ORDINANCE OF THE COUNCIL OF THE CITY OF CORDOVA, ALASKA AMENDING CMC 5.10.100 “PRODUCT BASED EXEMPTIONS”, CMC 5.10.210 “EXEMPTION APPLICATION AND EXEMPTION AUTHORIZATION CARD”, CMC 5.10.230 “REFUNDS”, AND REPEALING CMC 5.10.240 “CONSTRUCTION MATERIALS AND SERVICES EXEMPTION AND REFUND” TO REPLACE THE REIMBURSEMENT APPLICATION PROCESS THAT APPLIES TO ELIGIBLE CONSTRUCTION MATERIALS AND SERVICES AND ADOPT AN EXEMPTION CARD APPLICATION PROCESS FOR SUCH MATERIALS AND SERVICES AND AMENDING CMC 5.10.100 TO REMOVE INCOME REPORTING REQUIREMENTS FOR NONPROFIT ORGANIZATIONS REGARDING SALES BY NONPROFIT ORGANIZATIONS, WHICH ARE NOT EXEMPT FROM SALES TAX**

**WHEREAS**, the City of Cordova (“City”) has historically exempted the sale of certain “construction materials and services” from sales tax in an effort to incentivize the construction of housing and residential development within the City; and

**WHEREAS**, this exemption differed from other exemptions available within the City in that an applicant would only pay tax owed on the sale of \$5,000 of “construction materials and services” regardless of how many invoices were issued for eligible “construction materials and services;” and

**WHEREAS**, prior to January 1, 2025, taxpayers had the option of seeking reimbursement for sales tax paid on qualifying “construction materials and services” or applying for and using an “exemption card” for such materials and services and prepaying taxes on \$5,000 of “construction materials and services” sales; and

**WHEREAS**, Council initially removed these options, requiring taxpayers to submit an application for reimbursement rather than issuing an exemption card; and

**WHEREAS**, the purpose of this revisions was to create clarity, uniformity, and accountability given the opportunity for misuse of an exemption card for “construction materials and services;” and

**WHEREAS**, constituents engaged in the construction industry objected to the reimbursement application process and expressed their preference for the use of an exemption card; and

**WHEREAS**, Council otherwise clarified the scope of the construction materials and services exemption and adopted parameters for the time period in which it would be applicable and the sales that would be eligible that ensured the exemption was narrowly tailored to further the specific goals of Council regarding housing and responsible development; and

**WHEREAS**, Council has now determined, in light of the preferences expressed by taxpayers, that it is in the City’s best interest to issue exemption cards for the sale of qualifying “construction materials and services” instead of requiring taxpayers to file a reimbursement application; and

**[Added language is bold and underlined, deleted language is ~~stricken through~~]**

**WHEREAS**, Council also determined that it was in the City's best interest to remove any requirement that nonprofit organizations provide information regarding the nature of income generated by nonprofit organizations now that sales by nonprofit organizations are no longer exempt from sales tax under the Code.

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

**Section 1.** Section 5.10.100 of the Cordova Code of Ordinances of Cordova, Alaska is hereby amended to read as follows:

**5.10.100 Product-based exemptions.**

The following sales and services are exempt from the tax levied under this Chapter only in accordance with the exemptions, and limitations on such exemptions, provided for in this Chapter:

- A. *Casual and isolated sales, services or rentals.* Proceeds from casual, occasional or isolated sales which are easily identified as the sale of tangible personal property or goods at such functions as moving, garage, yard, food and bake sales, markets or fairs, the sale of private vehicles when the seller is not a dealer in used vehicles or services such as babysitting or house-sitting provided the seller does not regularly engage in the business of selling such goods or services or rentals are exempt, except that:
  - 1. The sale of goods and services occurring for more than 10 days in a calendar year, whether or not these days are consecutive, are not exempt;
  - 2. Sale of goods and services made through a dealer, broker, agent or consignee are not exempt;
  - 3. The rental of personal tangible property for more than 60 days in a calendar year, whether or not those days are consecutive, is not exempt;
  - 4. Sales or rentals made pursuant to a business license or by sellers representing themselves to be in the business of making sales, rentals or services are not exempt; and
  - 5. The rental of real estate is not exempt.
- B. *Banking.* The following fees, sales and services charged by banks, savings and loan associations, credit unions, and investment banks are exempt:
  - 1. Fees for the sale, exchange or transfer of currency, stocks, bonds, and other securities;
  - 2. The principal amount of loans, the interest charged for loaning money, escrow collection services, and any fees associated with the loaning of money
  - 3. Services associated with the sale, exchange or transfer of currency, stocks, bonds, and other securities;
  - 4. Pass-through charges on loan transactions which includes sales tax; and
  - 5. Sale of insurance policies, bonds of guaranty and fidelity and the commission on these sales (AS 21.09.210(f); 21.79.130, 21.80.130).
- C. *Transportation.*
  - 1. *Commercial flights.* The sale of passenger seat tickets by a commercial airline is exempt. Recreational flights are not exempt, unless otherwise exempted by AS 29.45.820.
  - 2. *Vehicles for hire.* The lease or rental of vehicles is not exempt.
- C. *Interstate commerce, wharfage, and shipping.*

[Added language is **bold and underlined**, deleted language is ~~stricken through~~]

1. *Fish Shipments.* Gross receipts or proceeds derived from servicing, freezing, storing, handling or wharfing of fisheries commodities awaiting shipment or in the process of being shipped;
  2. *Shipping.* Gross receipts or proceeds from the transportation (including freight and shipping charges), loading, unloading or storing of cargo from marine vessels or aircraft in foreign, interstate or intrastate commerce.
- E. *Charitable and Public assistance.*
1. *Nonprofit organizations.* A sale of goods or services to any nonprofit entity that, at the time of sale, can produce a sales tax exemption card and that has a duly authorized federal tax-exempt status pursuant to IRS Regulations, Section 501(c)(3), (4) or (19) is exempt; ~~provided, that any income from the exempt sale is also exempt from federal taxation.~~ This exemption does not apply to the rental of real property, personal property or space by or to nonprofit entities that otherwise qualify for an exemption under this subsection. Such rentals remain subject to sales tax under this Chapter.
  2. *Public Assistance.* Purchases made with food coupons, food stamps, or other type of certificate issued under 7 USC Sections 2011 through 2025 (“Food Stamp Act”) or other certificates issued under 42 USC Section 1786 (“Special Supplemental Food Program for Women, Infants and Children”) are exempt.
  3. *Home heating oil.* Home heating oil purchased for use in a dwelling is exempt so long as at least 50 percent of the floorspace of the dwellings is used as a residence and not for commercial or business activities.
- F. *Medical care.*
1. *Medical professional services.* Professional services of a person in the field of medicine, integrated medicine or the healing arts and sciences, including therapy, counseling, surgery, veterinary care, dentistry, optometry, and chiropractic care are exempt.
  2. *Assisted living.* Assisted living services provided in accordance with an assisted living plan and in an assisted living home licensed by the State are exempt.
  3. *Medical equipment.* Fees for supplies, equipment, and services provided by a hospital, medical clinic, assisted living facility or dental clinic for patient treatment including laboratory and x-ray services are exempt.
  4. *Prescription drugs.* Gross receipts or proceeds of the retail sale of prescription drugs are exempt.
  5. *Medical Facility Meals.* Sales of food at hospital cafeterias and lunchrooms which are operated primarily for staff and patients and which are not operated for the purpose of sale to the general public for profit;
- G. *Cemetery goods and services.* Sale of cemetery plots, caskets, funeral and burial related items and the services by a funeral home.
- H. *Dues.* Dues or fees to clubs, labor unions or fraternal organizations solely for the privilege of membership.
- I. *School.*
1. *Student Activities.* Fees and charges for extracurricular activities or events promoted or undertaken by educational or student organizations;
  2. *Student sales.* Sales by any student organization, parent/teacher organization or booster club recognized by the school or educational organization in which it operates, which proceeds are utilized to further the purposes for which the organization was formed;

[Added language is **bold and underlined**, deleted language is ~~stricken through~~]

3. *School Sales and services.* Sales and services by schools or other educational organizations made in the course of their regular functions and activities, which proceeds are utilized to further the purposes for which such organization was formed;
  4. *School cafeteria sales.* Sales of food at an educational facility provided primarily for staff and/or students, and which is not operated for the purpose of sale to the general public for profit.
  5. *Childcare services.* Proceeds from contract services provided by a state-licensed child care contractor or from contract services provided by a person for the purpose of taking temporary care of minors for another person.
- J. *Required exemptions.* Sales, rentals or services which the City is prohibited from taxing by the Constitution or statutes of the United States or the State of Alaska.
- K. **Construction materials and services. Sales or services for “construction materials and services” on a single construction project that fall within the definition of “construction materials and services” under this Chapter. A person may apply for exemption of sales and services for “construction materials and services” in two tax years as provided in Section 5.10.210 of this Chapter.**

**Section 2.** Section 5.10.210 of the Code of Ordinances of Cordova, Alaska is hereby amended to read as follows:

**5.10.210 Exemption application and exemption authorization card.**

- A. **Except as otherwise provided in this section,** Any person claiming an exemption under this Chapter shall apply to the City for an exemption authorization card on a form provided by the Finance Director within one month of operating or conducting business or sales or performing services within the City in the first year in which sales are made, and thereafter shall apply by December 15th of each year for the following calendar year. Numbered exemption authorization cards will be issued by the City. The exemption authorization card must be shown to all sellers or the number must be recorded on a list provided by the City for all sales and must be recorded at the time of sale by the seller. The exemption is valid only for those items that are purchased for resale as described under Section 5.10.110 or are purchased by agencies and organizations that are exempted by City, state or federal law. Any person that believes an attempt to purchase unauthorized items as tax exempt is being made at that person’s place of business may refuse to accept the exemption card.
- B. Purchasers of “construction materials and services” **must apply for a “construction materials and services exemption card” on a form provided by the Finance Director and must present the “construction materials and services” exemption card to a seller before an exemption may be applied. An exemption may not be granted or an exemption card issued for “construction materials and services” until the applicant has prepaid in full the sales tax that would be owed to the City on the sale of \$5,000 in “construction materials and services” and the City has determined that the anticipated sales constitute qualifying “construction materials and services” as defined in this Chapter. The “construction materials and services” exemption card may only be used for eligible “construction materials and services” as that term is defined within this Chapter. A “construction materials and services” exemption card may only be issued for two tax years on a single qualifying project. These tax years need not be consecutive. For purposes of this subsection, a “single project”**

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shall be as defined on the exemption card. Applications for an exemption card shall be issued within 30 days of receiving a complete application and the payment owed under this subsection. The exemption card shall expire at the end of the tax year unless a complete and qualifying application and payment is received for the next tax year by December 15<sup>th</sup> of the year for which the exemption card has been issued.~~are not eligible for an exemption card for such purchases.~~

- C. Exemption cards may not be assigned or transferred.

**Section 3.** Section 5.10.230 of the Code of Ordinances of Cordova, Alaska is hereby amended to read as follows:

**5.10.230 Refunds.**

- A. A claim for a refund of a payment of sales tax which is made more than six months from the date on which the tax was paid or became due and payable is forever barred, ~~except for a refund for “construction materials and services” as set forth in this Chapter.~~
- B. A claim for refund of payment shall be made by filing a request for refund with the City Manager on a form provided by the Finance Director, specifying the date the tax was imposed, the amount of refund claimed, and the basis upon which the claim for refund is made. The decision of the City Manager shall be the final decision of the City.
- C. Any appeal of the City's decision must be filed in the superior court for the state of Alaska in Cordova within 30 days of the final decision of the City Manager in accordance with the Alaska Rules of Appellate Procedure. Failure to file an appeal within the time period waives any claims to a sales tax refund.

**Section 4.** Cordova Municipal Code Section 5.10.240, “Construction materials and services exemption and refund” is repealed.

**Section 5.** This ordinance shall be effective April 1, 2025, and in enacted 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

[Added language is **bold and underlined**, deleted language is ~~stricken through~~]