

Introduced by: Hodgins
Date: February 20, 1990
Hearing: March 20, 1990
Action: Failed
Vote: 7 Yes, 4 No
3-20-90 Ntc of Reconsideration 4-3-90
4-3-90 Enacted as amended:
Vote 15 Yes, 1 No

KENAI PENINSULA BOROUGH

ORDINANCE 90-15

ESTABLISHING AN EFFICIENT MEANS OF DETERMINING BUSINESSES WHICH ARE ELIGIBLE FOR EXEMPTION FROM SALES TAX, AND DEFINING INSTANCES WHERE FOOD SALES ARE EXEMPT

WHEREAS, the language of Borough Code section 5.18.260(M) is not specific as to which entities are exempt from collecting or paying sales tax; and

WHEREAS, both the public and the administration would be well served by a specific list of nonprofit entities which are exempt; and

WHEREAS, the Internal Revenue Service publishes a list of nonprofit entities which includes the type of entity, its purpose, and the IRS code section under which the entity is exempt; and

WHEREAS, IRS code section number is a common way of identifying nonprofit organizations; and

WHEREAS, it is not the intent of the Assembly to tax food sold by all nonprofit entities;

NOW THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

Section 1. Notwithstanding provisions of KP 5.18 to the contrary, organizations which are exempt from federal income taxation under the following sections of the Internal Revenue Code of 1986 shall be exempt from both collection and payment of sales tax, except for sales of food and liquor by the organizations: 501(c)(1) through 501(c)(23), 501(d), 501(e), 501(f), 501(k), 521(a). The applicant for the exemption must provide suitable evidence that the Internal Revenue Service has ruled or determined that the applicant qualifies for the federal income tax exemption before a sales tax exemption certificate can be granted.

Section 2. Notwithstanding provisions of KP 5.18 to the contrary, retail sales of food are exempt in the following circumstances: (1) when served in cafeterias or lunchrooms of elementary, secondary, post-secondary schools, colleges or universities which are operated primarily for students and staff, and are not operated for the public or for profit; (2) when served

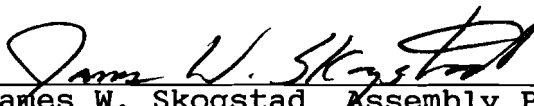
in a nonprofit hospital or other nonprofit institution licensed by the State of Alaska for the care of humans; (3) when meal delivery is a charitable function by a nonprofit organization to handicapped or senior citizens at their place of residence; (4) when served as a charitable function on the premises of a nonprofit senior citizens' organization which receives funding from the State of Alaska or a political subdivision of the State.

Section 3. KPB 5.18.260(F) is amended to read as follows:

F. Dues or membership fees for nonprofit organizations.
[TO CLUBS, LABOR UNIONS, AND FRATERNAL ORGANIZATIONS].

Section 4. Sections 1 and 2 are effective from immediately after enactment until December 31, 1990, at which time they are automatically repealed.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON
THIS 3rd DAY OF April, 1990.


James W. Skogstad, Assembly President

ATTEST:


Joanne Brindley
Borough Clerk