

Introduced by: Mayor
Date: 10/13/92
Hearing: 10/27/92
Action: Enacted
Vote: Unanimous

KENAI PENINSULA BOROUGH
ORDINANCE 92-51

**AN ORDINANCE AMENDING THE SALES TAX CODE EXEMPTION
FOR 501(c) ORGANIZATIONS TO EXCLUDE
COOPERATIVE TELEPHONE OR ELECTRIC COMPANIES**

WHEREAS, the assembly enacted Ordinance 90-59 on November 13, 1990, which granted a sales tax exemption to any organization that had obtained a 501(c) exemption ruling from the Internal Revenue Service, as long as the organization provided proof of such ruling to the Borough; and

WHEREAS, it was not apparent at the time this ordinance was enacted that cooperative telephone or electric companies would be included in this exemption, and no telephone or electric company had applied for this exemption at the time the ordinance was enacted; and

WHEREAS, recently, inquiries have been made regarding a sales tax exemption for telephone or electric cooperatives under section 501(c)(12) of the Internal Revenue Code; and

WHEREAS, telephone or electric cooperative sales tax revenue accounts for a substantial portion of total Borough sales tax revenue, and it was not intended that such sales be exempt from sales taxes;

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

SECTION 1. That KP.B 5.18.200(C) is amended to read as follows:

C. The following classes of sellers are exempt from the provisions of this chapter:

1. An organization that has obtained a 501(c) exemption ruling from the Internal Revenue Service, as long as proof of such ruling is provided to the borough administration; but only under the following conditions:

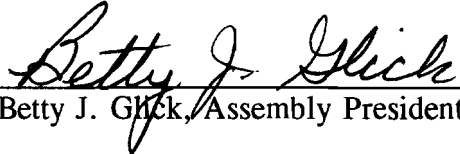
a. The sales are not liquor sales or sales of food sold through regularly conducted restaurant type operations; and

b. Gaming sales are not made by third party vendors; and

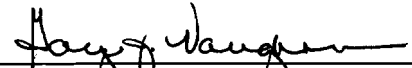
c. The organization is exempt under a subsection other than 501(c)(12) of the Internal Revenue Code.

SECTION 2. That this ordinance is effective immediately upon enactment.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS 27th DAY OF OCTOBER, 1992.


Betty J. Glick, Assembly President

ATTEST:


Gaye J. Vaughan, Borough Clerk