

City and Borough of Juneau
Finance Department – Sales Tax Division
November 2015

Summary of Changes
Senior Sales Tax Exemption

What are the changes?

All qualifying senior citizens will continue to receive a sales tax exemption for the “essential” purchases of food, heating fuel, electricity, CBJ water & sewer utilities, curbside refuse and recycling collection and use of landfill facilities. This is a significant tax break to support all seniors in the community. Seniors whose income is at or below 250% of the poverty level would retain the existing exemption for non-essential purchases.

Instead of receiving the sales tax break at the time of purchase, qualifying seniors will receive an annual rebate in the amount of \$325 representing the estimated amount of sales tax paid during the year. This also means that the only time you would have to present your senior sales tax exemption card is when purchasing food and certain heating fuels purchased at retail stores (e.g. wood pellets).

Existing city wide tax sales tax exemptions [e.g. Medical services, including prescriptions, and housing (mortgage or rent)] will continue to be exempt.

Why are these changes being implemented?

CBJ is facing two significant challenges that require corrective action:

1. The city budget needs to be sustainably balanced and
2. the citizen demographics show the percentage of senior citizens growing from 6% a few years ago to an estimated 18% in 5 years.

As a part of a multi-year process to develop a sustainable CBJ budget through cost reductions, operating efficiencies and increased revenue actions, the Mayor established an assembly sub-committee, “Tax Exemption Review Committee” (TERC) in June, 2014. The charge of the committee was to review current tax exemptions and determine what to keep, eliminate or modify. The TERC held 12 meetings which included numerous sessions of public testimony.

The TERC’s final recommendation was forwarded to the Assembly Finance Committee (AFC). The AFC discussed the various tax exemption proposals at 5 meetings.

Assembly Actions

In 1979 the Assembly initiated the senior sales tax exemption without voter approval. The program was expanded in 1988 and 1989. Subsequent to those actions the amount of the senior sales tax exemption has reached \$2.8 million and the cost is growing at over \$200,000 a year. Ordinance 2015-41 was introduced by the Assembly on August 31, 2015 to implement the two changes listed above. The public hearing and final vote on the ordinance occurred on Monday, September 21, 2015.

Additional information is available on the CBJ website at:

http://www.juneau.org/financeftp/ST_hottopics.php