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Presented by: The Manager  
Introduced:  
Drafted by: J.W. Hartle

**ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA**

**Serial No. 2008-38(b)**

**An Ordinance Amending the Sales Tax Code to Exempt Transactions Between Related-Party Businesses.**

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

**Section 1. Classification.** This ordinance is of a general and permanent nature and shall become a part of the City and Borough Code.

**Section 2. Amendment of Section.** CBJ 69.05.040(39), Exemptions, is amended to read:

...

(39) ~~Commercial real property lease payments from a lessee to a lessor~~ *Transactions between entities* having identical legal composition, as certified by ~~an a~~ *rental* exemption certificate issued by the ~~manager~~ *sales tax administrator*. *“Transactions” means retail sales, rentals of real property, rentals and sales of tangible personal property, leases including capital leases and operating leases, and services performed.*

(a) As used in this subsection, a ~~transaction lease payment~~ *transaction* is “*between entities from a lessee to a lessor* having identical legal composition,” if the following two conditions are satisfied:

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(1) ~~The lessee~~ *One party to the transaction:*

(A) Comprises or is owned by the same persons who comprise or own the ~~lessor~~ *other party to the transaction*, each of whom owns:

(i) At least five percent of each legal entity ~~which~~ *that* is a party to the ~~lease~~ *transaction*; or

(ii) The same percentage of ~~the lessee~~ *one party to the transaction* as that person owns of the ~~other party~~ *lessor*; or

(B) Is a wholly-owned subsidiary or a parent corporation of the ~~lessor~~ *other party to the transaction*; or

(C) *Is a wholly-owned subsidiary, and the other party to the transaction is a wholly-owned subsidiary, both of which are owned by the same parent corporation; or*

(D) Is a trust, the beneficiaries of which are the same natural persons who comprise or own the ~~lessor~~ *other party to the transaction*; and

(2) Neither party to the ~~lease~~ *transaction* is a publicly traded corporation.

(b) Application for an ~~rental~~ exemption certificate shall be on a form specified by the ~~City and Borough manager~~ *sales tax administrator* and shall set forth the name

1 and address of each individual, married couple, group of individuals, or legal entity  
2 involved in the ~~rental~~ transaction; a description of the legal form of each entity; the  
3 degree of ownership held by each individual, couple, group, or entity; and the effective  
4 date of the transaction. Any change in this information shall be reported to the  
5 manager within 15 days. Failure to report such change may result in the loss of any tax  
6 exemption for that period.

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8 **Section 3. Effective Date.** This ordinance shall be effective 30 days after its  
9 adoption.

10 Adopted this day of 2008.

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Bruce Botelho, Mayor

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Attest:

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Laurie J. Sica, Clerk

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