I. **Call to Order**  
The meeting was called to order at 5:00 p.m. by Jesse Kiehl, Acting Chair.

II. **Roll Call**  
Assembly Members Present: Jesse Kiehl; Karen Crane; Merrill Sanford; Kate Troll; Jerry Nankervis; Loren Jones  
Staff Present: Bob Bartholomew, Finance Director; Clinton Singletary, Sales Tax Administrator; Kim Kiefer, City Manager; Rob Steedle, Deputy City Manager; Laurie Sica, Municipal Clerk, Glen Fairchild, Printing Service Coordinator

III. **Update on 2005 Tax Policy Subcommittee Report of Recommendations**  
Bob Bartholomew summarized the 2005 Tax Policy Subcommittee Report (TPSRR) for the Assembly, in which 4 exemptions where eliminated, #8, Sales to Seniors, was recommended for elimination and 6 others reviewed. Kate Troll wanted more information to define Out of Borough Sales exemption. Mr. Bartholomew recommended we may need to bring out of borough sales up in an executive session to be discussed in greater detail.

Clinton Singletary explained that professional design services were not considered part of construction services and therefore not exempted from tax. He explained resale of goods and resale of services. Bob Bartholomew said vendors receive resale cards to purchase items that would be resold, thus preventing double taxation.

Both taxation of aviation jet fuel which has some federal & state law issues) and resale of services were addressed by Mr. Bartholomew and Mr.. Mr. Kiehl asked for information on the history and current status of taxation of aviation jet fuel.

IV. **Goals and Objectives: Committee discussion**  
The committee requested a review of current tax exemptions the determine whether CBJ is exempting more than it should be and information on enforcement.

The Committee discussed the senior citizen sales tax exemption and concerns over seniors using their exemptions for the correct goods were raised. Mr. Bartholomew explained vendors are reluctant to take on role of enforcement and the staff was discussing how to address this. Mr. Bartholomew recommended providing more education and information to seniors who may not be aware of their misuse of the exemption.  
As part of the education program it is suggested rules for exemptions be printed on senior citizen tax exemption cards, also working with Juneau Chamber of Commerce and vendors to help enforce and encourage rules.
Ms. Troll brought attention to enforcement problems for leakage of sales tax revenues, but said this focus may be straying from Assembly’s current mission.

Ms. Crane asked if it was possible to receive a breakdown of tax collections that would separate out the amount of sales tax derived from the sale of food. Mr. Bartholomew suggested The McDowell Group was likely to have a better breakdown for those items and would look into them. Tax on food was estimated to be $5-6 million annually. It was also recommended to research what the federal definition of “food” and the difficulty of identifying food at grocery stores, convenience stores and larger multi-good markets. CBJ does not charge tax on WIC and food stamps.

Ms. Troll addressed making senior exemptions need based, which could be tempered by removing the sales tax on food.

Mr. Nankervis would like to review the property tax hardship exemptions. Mr. Bartholomew said CBJ had an optional hardship exemption based on gross household income level. CBJ had approximately 104 hardship exemptions in 2014. The hardship was based on 120% of the median family income in Juneau as determined by Housing and Urban Development Corporation. For example, a one person household income level would need to be less than $77,900 per year, and a 2 person income would need to be less than $91,320 to qualify for the hardship exemptions. The State Assessor said Juneau’s exemption level was higher than most communities and state some organizations use the “poverty level.”

Ms. Crane asked if there were any possibilities for increased revenue from an investigation of the exemption on government entities.

The committee proposed to not spend too much time looking at exemptions that may not be practical or legal to eliminate. The senior sales tax exemption, the out of borough exemption, the cap on goods and services, the exemption for lobbying services, and as unpopular as it might be the exemptions for medical and counseling services were worth a review.

Ms. Crane suggested the cost of another sales tax auditor might pay for itself and this was worth a review.

Mayor Sanford proposed that staff may have good suggestions to contribute as well. Mr. Nankervis would like to determine when it would be appropriate to ask for public testimony. The committee would like to have more information before addressing public comments.
Mr. Kiehl asked the committee if there was a target dollar sought by adjusting any exemptions or if the committee intended to review exemptions overall. Most committee members stated the process was an overall review. Ms. Troll said she thought $1-1.5 million might be a good target to help close the gap in the $7 million needed to balance the FY16 budget.

V. Next Meeting Date – August 14, 2014

VI. Adjournment – The meeting was adjourned at 6:17 p.m.