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

II. **Roll Call**
Committee Members Present: Mary Becker; Jesse Kiehl; Kate Troll; and Jerry Nankervis

Other Assembly members Present: Merrill Sanford, Loren Jones, and Karen Crane.

Staff Present: Finance Director Bob Bartholomew, City Manager Kim Kiefer, Sales Tax Administrator Clinton Singletary, Assistant City Attorney Chris Orman, City Clerk Laurie Sica, Print Shop Operator Glen Fairchild

III. **Approval of Minutes**
- The August 14\(^{th}\), 2014 minutes were approved as presented.

IV. **Sales Tax Compliance & Audit Program Overview**
Bob Bartholomew began with an overview from page 5 of the packet; regarding sales tax compliance and audit programs. One major concern Mr. Bartholomew stated was the lack of awareness at the stores. Staff is considering an education program for their clerks, to better understand sales tax exemptions and how to implement them at the register. Mr. Bartholomew would like to provide cards for educational purposes to clerks in stores as a useful tool for them to use during transactions. CBJ is currently researching types of cards that could be used.

One concern brought up by the assembly is how often senior sales tax cards are actually asked for by clerks. Often a senior’s sales tax exemption number is asked for, but rarely for their cards specifically.

Clinton Singletary explained to the assembly the difference between a full audit and a questionnaire audit. CBJ has performed 20 audits in the past 30 months, which Mr. Singletary thought was a little low and would like to see more. Both Mr. Bartholomew and Mr. Singletary agreed with more staffing and training within CBJ finance department the number of audits would increase.

CBJ has a goal of reissuing new senior citizen tax exemption cards by January 2015. They would like to use electronic swipe cards that could make some information available at the point of check-out.

The assembly questions the type of training that would typically be provided to merchants and who would receive the training. Mr. Singletary explained the training...
they provide usually goes to the upper management and it would be their responsibility to train under-staff.

A discussion followed about how CBJ prioritizes auditing, and Mr. Singletary said it was random, based on who has been audited when and those who have not been audited in longer periods of time usually become a priority.

Ms. Crane asked about a local business license being issued by CBJ and posted by merchants, including seasonal stores. This is something CBJ has been talked about but has yet to implement. CBJ currently relies on the State of Alaska for knowing who has business licenses and it is not a requirement that merchants post theirs. If a program was implemented it is possible that CBJ may be able to establish fines for merchants who do not comply.

V. **Revenue Estimated from Increasing the Individual Sales $7,500 exemption CAP**

Mr. Bartholomew reviewed the chart on page 8 of the packet, explaining the different scenarios on raising the CAP. He shared the response from several vendors who had been contacted regarding the change. The revenue estimates presented were calculated at the high end of do-able. Of the vendors Mr. Bartholomew and Mr. Singletary reached out to, only one thought that by raising the cap it would have a negative effect on their business. The other two did not feel it would affect them, but not materially. Vendors raised the point that sales tax vs. cost of freight is one issue vendors look at. They want to be kept in the loop with public testimony as the review of the possible cap increases goes forward.

The assembly raised questions to the difference between sales tax and use tax and what the difference was. Mr. Singletary gave a brief explanation and Chris Orman from CBJ law department also spoke on federal regulations for sales tax from online purchases out of state.

Mr. Kiehl was concerned about raising the cap and if it would hurt local businesses. Mr. Bartholomew wanted to do more research and reach out to the Juneau Chamber of Commerce for their views and input. Mr. Singletary mentioned raising the cap would not affect service providers. The committee agreed it was worthwhile to continue looking into raising the cap. Maintaining a conversation with the vendors would be an important part of the process and knowing how much it can be raised without hurting them.

VI. **Tired Income Level Matrix (example) for Property Tax Hardship Exemption**

Mr. Bartholomew presented the assembly a sliding scale for property tax hardship exemptions and explained to the assembly how the numbers worked. The current
hardship level is $91,320 for a two person household. Mr. Bartholomew explained this sliding scale would not work for sales tax however. The assembly wanted to know what the median income was in comparison to the median income of seniors within the borough and many people would it effect if the hardship level where changed. Mr. Bartholomew said he would look into it for next meeting.

VII. Information – Out of Borough Sales
Mr. Bartholomew provided new information he has for the out of borough exemption and on the outreach he and Mr. Singletary had done to a dozen southeast Alaska businesses. With the exception of a couple businesses most felt there would not be a material effect on their business.

Ms. Troll then caught Ms. Crane up on what she had missed from the previous meeting on August 14th and the committee agreed to reschedule the September 25th meeting to the 26th. Also two additional meetings where scheduled for October 23rd and 30th.

VIII. Next Meeting Date – September 4th, 2014

IX. Adjournment – The meeting was adjourned at 6:31 p.m.