

**ADMINISTRATIVE GUIDELINES**  
**SENIOR CITIZEN SALES TAX EXEMPTION**  
**Procedure 418**

Sales to Senior Citizens. Senior citizens and their spouses, who display an identification card issued by the CBJ Sales Tax Office, are exempt from sales tax on purchases of essential food and utilities for their personal use or the use of their spouses.

**Eligibility**

The senior must be at least sixty-five years of age, must be a resident of Alaska and must be a resident of the City & Borough of Juneau. A resident is a person who has lived in the City & Borough of Juneau for thirty days immediately preceding the application and intends to stay and maintain a principal place of abode. Proof of that intent includes registering to vote in the City & Borough and forgoing benefits offered by any other state which are based on residency.

**Application and issuance of the exemption card**

The qualified senior may apply for the exemption card on or after their 65th birthday by filling out a form from the Sales Tax Office. They must present proof of age (birth certificate, passport or Medicare card) and proof of residency (driver's license / voter's registration, etc.). The card will be issued upon verification of the information on the application form and the exemption will be effective upon receipt of the card by the senior.

Each senior must have his own card. When the spouse does not qualify for his/her own card, the spouse will be issued a second card with both pictures of the senior and the senior's spouse. When the spouse qualifies for their own senior card, they must apply for a new card.

**Limitations on use of the exemption card**

Beginning January 1, 2016, the exemption card can only be used on purchases made by the cardholder of certain "essential" items for the sole use and consumption of the senior and their spouse.

The "essential" items are defined as follows:

- Electricity provided by a utility for use at the cardholder's principal place of abode.
- Heating Fuel sold for use at the cardholder's principal place of abode.
  - This includes fuel oil, wood, wood pellets used for heating (not for smoking), kerosene, and propane (when used for heating).
- Water and wastewater service provided by the City & Borough of Juneau for use at the cardholder's principal place of abode.

- Curbside Refuse and Recycling collection at the cardholder's principal place of abode.
- Charges for use of the landfill.
- Purchases of food as defined by the Food and Nutrition Act of 2008.

The senior shall not claim exemption on purchases that will not be used personally by the senior or his/her spouse.

When the senior lives with another (such as an adult child) who does not qualify for the exemption and the utilities and food are purchased by the non-qualifying person, it is not appropriate for the senior to use his/her exemption for the purchase of those goods or utilities which benefit the household. The exemption would apply only to the purchases of food used solely by the senior.

### **Senior Responsibilities at time of Purchase**

The senior sales tax exemption card must be displayed by the senior, or spouse, to the merchant at the time of purchase, in order to claim the exemption and the senior, or spouse, must sign a form provided by the merchant.

For automatic billings such as essential utilities services, the merchant may take from the senior a signed statement (customer card) that the senior is entitled to the sales tax exemption and record the senior's card number. Such statements must be maintained in the merchant's records.

### **Merchant responsibility for documentation of exempt sales**

The following information must be recorded and maintained with the merchant's records. It may be arranged in any format which is convenient to the merchant's operation, either on a listing or on each invoice or a single card to cover all sales made on account:

- Date of Sale
- Invoice / Receipt Number
- Amount of Sale
- CBJ Senior Exempt #
- Customer Signature
- Sales Clerk's Initials.

Failure to document the claim of exemption as indicated above may result in loss of the claim of non-taxable sales and a liability to the merchant. However, the merchant shall not be held liable for unlawful claim of the exemption provided he has accepted the exemption card in good faith, and has fulfilled the documentation requirements.

## **Special provisions for disabled senior citizens, and those seniors who are physically unable to do their own shopping**

Those seniors who are physically unable to do their shopping may be assigned a designated shopper by filling out an application provided by CBJ Sales Tax. The designated shopper will be registered with the Sales Tax Office as a designated shopper.

When making purchases for the senior the designated shopper will be required to display their designated shopper card, the senior's tax exempt card and complete the merchants "Record of Tax Exempt Sales" documentation. The designated shopper card is issued annually and expires one year from the date of issue.

### **Further Guidance on Essential Items**

#### Electricity

A senior citizen exemption cardholder is entitled to exempt his / her purchase of electricity for the cardholder's principal place of abode (residence).

A senior with multiple principal places of abode during the year may obtain exemption on his / her purchase of electricity for each principal place of abode, but only for one principal place of abode at a time.

A senior with multiple principal abodes may also choose to only claim exemption on one principal abode.

EXAMPLE: A senior who lives in their home downtown (Principal Abode #1) from October – April then lives in their cabin / home out the road (Principal Abode #2) from May – September may exempt the electricity purchased for each Principal Abode while the senior is residing at that Principal Abode.

Or, the senior may choose to keep the exemption on their downtown home year-round as their principal abode.

A senior citizen exemption cardholder may not exempt the following purchases of electricity:

- Electricity service provided at a storage unit,
  - Electricity service provided at a boat slip / boat condo,
  - Electricity service provided at an apartment / rental unit owned by the senior citizen.
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### Heating Fuel

Qualifying Heating fuel includes heating oil, propane, kerosene, wood, wood pellets used for heating.

Each of the above heating fuels may be purchased tax exempt by the senior citizen cardholder, so long as the heating fuel being purchased is being used for heating the senior citizen cardholder's principal place of abode.

None of the above heating fuels can be exempted if they are being purchased solely for any use other than heating the senior citizen cardholder's principal place of abode.

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### CBJ Water & Wastewater Service

A senior citizen exemption cardholder is entitled to exempt his / her purchase of CBJ Water & Wastewater Service for the cardholder's principal place of abode (residence).

A senior with multiple principal places of abode during the year may obtain exemption on his / her purchase of CBJ Water & Wastewater Service for each principal place of abode, but only for one principal place of abode at a time.

A senior with multiple principal abodes may also choose to only claim exemption on one principal abode.

EXAMPLE: A senior who lives in their home downtown (Principal Abode #1) from October – April then lives in their cabin / home out the road (Principal Abode #2) from May – September may exempt the CBJ Water & Wastewater Service purchased for each Principal Abode while the senior is residing at that Principal Abode.

Or, the senior may choose to keep the exemption on their downtown home year-round as their principal abode.

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### Curbside Refuse & Recycling Collection

A senior citizen exemption cardholder is entitled to exempt his / her purchase of Curbside Refuse & Recycling Collection Services for the cardholder's principal place of abode (residence).

A senior with multiple principal places of abode during the year may obtain exemption on his / her purchase of Curbside Refuse & Recycling Collection Services for each principal place of abode, but only for one principal place of abode at a time.

A senior with multiple principal abodes may also choose to only claim exemption on one principal abode.

EXAMPLE: A senior who lives in their home downtown (Principal Abode #1) from October – April then lives in their cabin / home out the road (Principal Abode #2) from

May – September may exempt the Curbside Refuse & Recycling Collection Services purchased for each Principal Abode while the senior is residing at that Principal Abode.

Or, the senior may choose to keep the exemption on their downtown home year-round as their principal abode.

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### **Essential Food**

Food items qualifying for the senior sales tax exemption are based on the definition of “Food” found in the Food & Nutrition Act of 2008, which established and governs the Federal Food Stamp program aka the SNAP program.

Only food or food products for home consumption are allowable purchases under the SNAP program. Additionally, hot foods or hot food products ready for immediate consumption cannot be purchased under the SNAP program.

Based on the SNAP definition of food and CBJ Assembly intent, only foods or food products for home consumption can be purchased with the senior sales tax exemption. Foods or food products purchased at a restaurant or other similar establishments do not qualify for the senior sales tax exemption as those foods are not for home consumption. Foods or food products purchased from a restaurant are purchased “ready for immediate consumption” regardless of where they are actually consumed and as such would be subject to the CBJ Sales Tax.

### **CBJ Finance Committee Minutes**

The following summaries of Finance Committee minutes are presented to show the CBJ Assembly’s intent regarding restaurant meals purchased by senior citizens.

#### **February 11, 2015 – Finance Committee**

The Finance Committee met to review recommendations from the Tax Exemption Review Committee (TERC). TERC Recommendation #3 was to “Remove Senior Sales Tax Exemption for meals purchased at restaurants / eating establishments”. The recommendation was approved by a vote of 6-3.

#### **March 18, 2015 – Finance Committee**

CBJ Finance and Law staff presented information regarding how to approach the restaurant exclusion. After a lengthy discussion, Finance staff recommended moving the discussion to coincide with other senior changes to be implemented January 1, 2016.

#### **April 22, 2015 – Finance Committee**

Motion approved 7-2 to define food under the SNAP program criteria. Restaurant food was left to be addressed by staff when implementing senior sales tax exemption for essentials.