

FINANCE COMMITTEE

Hal Jones
Agnes Phillips
Irv Krieder
Kilsoo Seo
Zod Osuji
Clint Schink
Darrell Jones

**CITY OF BETHEL
MONTHLY FINANCE COMMITTEE MEETING MINUTES**

JANUARY 08, 1998

The meeting was convened at 7:30 p.m. by Chairman Hal Jones at the City of Bethel Finance office.

I. ROLL CALL

Members Present:

Jones, Harold L
Phillips, Agnes
Osuji, Zod
Seo, Kilsoo
Schink, Clint
Darrell Jones

Members Absent:

None

Guests Present:

Councilman Mike O'Brien
Robinson, Stuart (Finance Director)

II. PEOPLE TO BE HEARD

None.

III. APPROVAL OF MINUTES

motion M/M by Schink 2nd by Kreider to approve the minutes of the December 11, 1997 meeting, as presented.
Vote Voice vote. Motion carried unanimously.

IV. APPROVAL OF AGENDA

motion M/M by Schink, 2nd by Osuji to approve the agenda as presented.
Vote Voice vote. Motion carried unanimously.

V. OLD BUSINESS

A. Sales Tax Re Codification:

FINANCE COMMITTEE

Hal Jones
Agnes Phillips
Irv Krieder
Kilsoo Seo
Zod Osuji
Clint Schink
Darrell Jones

M/M by Hal Jones, 2nd by D. Jones to recommend to Council to direct the City Manager to direct the Police Chief to direct the Code Enforcement Officer to enforce all City Ordinances requiring Business Licenses for operations and to collect sales taxes of all businesses operating within the City including all transient businesses.

Vote Voice vote. Motion carried unanimously.

M/M by Shink , 2nd by Seo to recommend to Council to revise section 4.16.020 Imposition –Rate – Exceptions.

To read “ There shall be levied and collected a sales tax of four percent on of the selling price on all retail transactions in the City except where prohibited by Federal or State laws” There shall be no exemptions except where permitted by state and federal law.

Discussions followed regarding the difficulty in determining exceptions and exemptions. The sales tax should be applied to the end user sale. Evidence of non retail sales will be provided using a valid Business License. The intent of the revised ordinance is to stream line the application of the tax and relieve the collector of interpretations. Increasing the tax rate is not a viable option if we can clean up the exceptions and exemptions. Support from the community would be more likely if we do not increase taxes and may in fact be more politically appropriated to leave the tax as is or reduce it by one percent. Reality would dictate a reduction in tax in order to remove exceptions. The current situation requires the City to raise revenues to meet the increasing costs of maintaining the City at the level required by the citizens of this community. Observations by members of the committee have indicated that there is abuse of the exemptions that warrants the removal of the exemptions being abused.

A Roll Call vote was taken : H. Jones- No, Phillips-Yes, Osuji-Yes, Kilseo-Yes, Kreider-No, Schink-Yes, D. Jones-Yes.

Motion Pass

B. Business License Fee.

M/M by Kreider to recommend to council to increase the Business License Fee to \$25 payable in two year increments. 2nd by Schink

A Roll Call vote was taken : H. Jones- Yes, Phillips-No, Osuji-Yes, Kilseo-Yes, Kreider-Yes, Schink-Yes, D. Jones-Yes.

Motion Pass

VI. NEW BUSINESS

A. None

VII. COMMITTEE CHAIR’S COMMENTS

Chairman Jones - Called for a working session on Sales tax to be held on January 15, 1998.

FINANCE COMMITTEE

Hal Jones
Agnes Phillips
Irv Krieder
Kilsoo Seo
Zod Osuji
Clint Schink
Darrell Jones

VIII. FINANCE DIRECTOR'S COMMENTS

Robinson - None

IX. FINANCE COMMITTEE MEMBER COMMENTS

FINANCE COMMITTEE

Hal Jones
Agnes Phillips
Irv Krieder
Kilsoo Seo
Zod Osuji
Clint Schink
Darrell Jones

X. ADJOURNMENT

motion M/M by Osuji , 2nd by Phillips to adjourned the meeting at 09:38 p.m.
Vote Voice vote. Motion carried unanimously.

Passed and Approved This ____ Day of January, 1998

Hal Jones _____
Chairman

ATTEST: _____

S. Robinson, Finance Director

FINANCE COMMITTEE

Hal Jones
Agnes Phillips
Irv Krieder
Kilsoo Seo
Zod Osuji
Clint Schink
Darrell Jones

**CITY OF BETHEL
MONTHLY FINANCE COMMITTEE SPECIAL MEETING
MINUTES**

JANUARY 13, 1998

The meeting was convened at 7:30 p.m. by Chairman Hal Jones at the City of Bethel Finance office.

I. ROLL CALL

Members Present:

Jones, Harold L
Phillips, Agnes
Osuji, Zod
Seo, Kilsoo
Schink, Clint

Members Absent:

Darrell Jones

Guests Present:

Robinson, Stuart (Finance Director)

II. PEOPLE TO BE HEARD

None.

III. APPROVAL OF MINUTES

motion M/M by Schink 2nd by Kreider to modify the minutes to reflect the passed motion to state 5 % sales tax and approve the minutes of the January 08, 1997 meeting, as revised.

Vote Voice vote. Motion carried unanimously.

IV. APPROVAL OF AGENDA

Not Required

V. OLD BUSINESS

A. Sales Tax Re Codification:

FINANCE COMMITTEE

Hal Jones
Agnes Phillips
Irv Krieder
Kilsoo Seo
Zod Osuji
Clint Schink
Darrell Jones

M/M by Hal Jones, 2nd by D. Jones to recommend to Council to revise the sales tax ordinance to state the all mail order sales into and out of the City ,made by common carrier or mail service be exempt from sales tax.

A Roll Call vote was taken : H. Jones- Yes, Phillips-Yes, Osuji-No, Kilseo-No. Kreider-Yes, Schink- abstain, D.

Motion Fails

Discussions followed regarding the merits of applying exceptions to tax payers. including the balance of keeping Bethel a viable economy. The risk of losing business to Anchorage is a major concern. There is an agreement the exemptions are being abused and therefore deserve the scrutiny of this committee.

Re Made the Motion by Schink , 2nd by H.Jones to recommend to Council to revise Tax able sales tax ordinance to state the all mail order sales into and out of the City ,made by common carrier or mail service be exempt from sales tax.

A Roll Call vote was taken : H. Jones- Yes, Phillips-Yes, Osuji-Yes, Kilseo-No, Kreider-Yes, Schink- No,

Motion passes

M/M by Schink, 2nd by H. Jones to recommend to Council to revise the sales tax ordinance to state that all exceptions be removed where possible from the ordinance, Federal and State law permitting.

Discussions followed. Day Care Centers would be affected in that a business License would dictate to what extent taxes would apply. By establishing Class differential licenses, the premise being Retail Sales entities would be non taxed as would certain services to be determined at a later date.

A Roll Call vote was taken : H. Jones- Yes, Phillips-Yes, Osuji- Yes, Kilseo-Yes, Kreider-Yes, Schink- Yes.

Motion Passed

VI. COMMITTEE CHAIR'S COMMENTS

Chairman Jones - Called for a working session on Sales tax to be continued on January 20, 1998.

VII. ADJOURNMENT

motion M/M by Schink , 2nd by Phillips to adjourned the meeting at 09:38 p.m.
Vote Voice vote. Motion carried unanimously.

Passed and Approved This ____ Day of January, 1998

FINANCE COMMITTEE

Hal Jones
Agnes Phillips
Irv Krieder
Kilsoo Seo
Zod Osuji
Clint Schink
Darrell Jones

Hal Jones _____
Chairman

ATTEST: _____

S. Robinson, Finance Director

FINANCE COMMITTEE

**CITY OF BETHEL
FINANCE COMMITTEE SPECIAL MEETING MINUTES**

JANUARY 20, 1998

The meeting was convened at 7:30 p.m. by Chairman Hal Jones at the City of Bethel Finance office.

I. ROLL CALL

Members Present:

Jones, Harold L

Jones, Darrell

Phillips, Agnes, Mayor

Osuji, Zod

Schink, Clint

± 20

Members Absent:

Seo, Kilsoo

Guests Present:

Thor Williams, Councilman

Robinson, Stuart, Finance Director

II. PEOPLE TO BE HEARD

Thor Williams spoke to the committee expressing his concerns about the lack of support in sales tax collection efforts. Mr. Williams recommended that the committee consider revising existing Sales Tax Ordinances to provide increased penalties and audit requirements.

III. OLD BUSINESS

A. Sales Tax Re-Codification

EXCEPTIONS AND EXEMPTIONS

Discussions continued on exemptions and exceptions. The committee reviewed at length the effects and impact of eliminating the exceptions and determined that the intent of the recommendation to Council would eliminate those exceptions where State and Federal laws were not applicable.

Exemptions, all agreed, are not applied equitably or consistently as currently interpreted. The finance staff and the customers are frequently confronted by differences in interpretation leading to confused and dissatisfied individuals.

It is the intention of this committee to convey to the City Council the need for a Sales Tax Code that is easier to understand, administer and enforce and that the language of the codes be concise and unsophisticated. Because of the serious state of the City's financial condition, this committee recommends with regret the elimination from the municipal code the Non-Profit and Senior exemptions. The elimination of other exemptions will be addressed by a system of classifying business licenses which will provide for the enhancement of the Bethel economy. This system will establish certain classes of licenses which will identify the type of business and sales and by definition provide for non-taxable sales. The obvious example is a class of license that provides for businesses in re-sales to be tax exempt. The object and intent of this exemption is to ensure that the "End User" pays the sales tax due the

FINANCE COMMITTEE

City. Other classes might include certain types of services not normally included in taxable sales transactions, such as newspaper deliveries, insurance and banking services, and manufacturing and construction.

RECORDS INVESTIGATIONS AND AUDITS

The Committee recommends that every person required to collect sales tax shall maintain records, books, and accounts of all sales, including dated and numbered receipts and invoices, to determine amounts of tax collectable and payable to the City. For the purpose of audits, delinquent returns, hearings and appeals, the City may conduct investigations and examinations. The seller or buyer, including transient vendors, will provide any relevant books, papers, memoranda, records or other writings of any sales transactions required to ascertain the correctness of a return or the amount of taxes owed when a return has not been filed or has been filed incompletely. The records supporting the filing period will be retained for a period of three years.

PENALTIES AND INTEREST

The committee recommends to Council a provision to encourage and enforce the desires of the committee to collect the taxes due the City and to enforce the Business License ordinances.

A person who failed to file a return as required by City ordinances will pay a penalty of five percent per annum on the taxes or estimated taxes due, as determined by the Finance staff, for the first fifteen days overdue. A penalty of eighteen percent will be assessed for the duration of the first month of delinquency; a penalty of twenty-five percent or the maximum the law will allow will be in effect until the returns are remitted. The loss of one's business license is recommended at the beginning of the following month if no return is filed. The maximum penalty permitted by law is recommended in compliance with existing statutes.

A person operating a business without a license is subject to a five hundred dollar fine. A person who provides sufficient evidence to invoke and collect this penalty will receive one half of the fine remitted. A person who has a license revoked for failure to file a tax return as required by City ordinance will be required to pay five hundred dollars to have a license reinstated.

A person who fails to appear at a scheduled audit and/or refuses to provide certain appropriate records relevant to an audit or investigation will be fined five hundred dollars and an amount equal to three times the estimated tax due the City as determined by the Finance Committee, appeal, hearing, or audit. Accidental or unexplained loss of records or ignorance of generally accepted business accounting practices and City Ordinances does not excuse a person from the collection, remittance, and/or filing of returns with the City.

HEARINGS, APPEALS, BOARDS, AND PANELS

The Finance Committee and the City Finance Department will convene a hearing or an appeals process to provide a fair and equitable presentation of persons contesting estimated taxes, penalties, fines or interest. The panel members will represent the Council, the Finance Committee, the Finance Department, and volunteer members of the community in similar business classifications.

BUSINESS LICENSES

It is recommended that a fee of twenty-five dollars per year, collectable in two-year increments, be established. The renewal period will be advertised in November, and a notice will be mailed on the first business day of December.

The failure to renew a license by the close of business the last day of December will result in a one-hundred-dollar penalty for each day the license is expired. Maximum penalty is recommended to be one-thousand dollars. If the license remains delinquent on the first day of February, the license is revoked. The reinstatement fee will be four-hundred dollars plus the fifty dollar renewal plus the one thousand dollar penalty. The total amount required to reissue a revoked delinquent license is one thousand, four hundred and fifty dollars.

FINANCE COMMITTEE

IV. COMMITTEE CHAIR'S COMMENTS

Chairman Hal Jones reiterated the feelings of Councilman Thor Williams and expressed his support to the Mayor and Councilman O'Brien and Williams- The Finance Committee has worked on these issues for over a year and, given the difficulty they have experienced in analyzing the existing ordinance, has concluded that a complete overhaul of the Sales Tax and Business License Ordinance is in order. Consideration of the cost of City services, the paucity of revenues, the abuse of Council's generosity, the legal costs and the inconsistency of interpretation and intent of the Ordinances, the total lack of enforcement and consequences for non-compliance, and the non-participation by some members of the business community, demand a conservative, if not austere, approach to the collection of Sales Taxes. This approach is preferred to increasing taxes or eliminating non-essential City services.

V. ADJOURNMENT

motion M/M by Osuji, 2nd by D. Jones to adjourn the meeting at 09:55 p.m.
Vote Voice vote. Motion carried unanimously.

Passed and Approved This 12th Day of February ^{SR} ~~January~~, 1998

Hal Jones
Chairman



ATTEST:



S. Robinson, Finance Director

CITY OF BETHEL
MONTHLY FINANCE COMMITTEE MEETING MINUTES

The meeting was convened at 7:40 p.m. by Chairman Hal Jones at the City of Bethel Finance office.

I. ROLL CALL

Members Present:

Jones, Harold L
Phillips, Agnes
Osuji, Zod
Seo, Kilsoo

Members Absent:

Jones, Darrell
Schinok, Clint

Guests Present:

Kanli, Celeste (Assistant Finance Director)

II. PEOPLE TO BE HEARD

None.

III. APPROVAL OF MINUTES

No action was taken. The minutes for the January 8, 1998, January 13, 1998 and January 20, 1998 will be approved at the next regularly scheduled meeting after they are amended to include committee member Irv Kreider as present

IV. APPROVAL OF AGENDA

motion M/M by Kreider, 2nd by Osuji to approve the agenda as presented.

Vote Voice vote. Motion carried unanimously.

V. OLD BUSINESS

A. SALES TAX RECODIFICATION

Members were provided with copies of Sales Tax Policies and Interpretations from the State of Washington.

Discussion occurred on the importance of sales tax compliance. It was suggested that the stiff penalties for non compliance be included in the new Sales Tax Ordinance that is being drafted by the attorney. It was stressed that new policies and interpretations be written that are clear and easy to understand. Jones stated that the City should be active in writing the interpretation so that the original intention is not misstated by the attorneys.

It was noted that people should get a copy of the Sales Tax Ordinance and the interpretations when they get their business license. The possibility of translating the Sales Tax Ordinance and the interpretations into Korean was mentioned so that that community would have an understanding of their responsibilities.

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CITY OF BETHEL
FEBRUARY 12, 1998
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Record Keeping

Discussion occurred on the importance and the requirements of record keeping for businesses. It was suggested that the specific requirements for tax record keeping be included in the new Sales Tax Ordinance. These records would provide an audit trail for taxable and exempt sales. It was suggested that one of the following methods of record keeping be implemented by all businesses.

1. Cash register receipts. These receipts must be able to print the date on each receipt. Two copies must be printed; one for the customer and one for the business.
2. Computer System that has the capability to print daily sales records. A sales receipt must be provided to the customer.
3. Sequentially numbered sales receipt book that includes two copies, one for the customer and one for the business.

Jones noted that it was important to provide an inexpensive way for small businesses to comply with the required record keeping requirements. It was felt that the sequentially numbered receipt books would accomplish this.

The importance of documenting each sale and providing a receipt to each customer was discussed. Stiff penalties for non compliance were recommended. It was suggested that the penalties be included in the new Sales Tax Ordinance. A \$100.00 a day fine for not providing each customer with a receipt was mentioned.

Exempt Sales Records/Business Licenses

A discussion ensued regarding the responsibility of tax exempt sales records. Seo indicated that a business license could be issued that would specify the type of qualified exempt sales. He suggested that the business license issued for Items for Resale could indicate the type of qualifying item such as groceries or electronics. He felt this would help control the cheating that probably occurs.

Kreider and Jones disagreed, stating that this would put part of the burden of enforcing sales tax exemptions on business owners. They felt that if businesses were required to keep records of all exempt sales it would provide the City with enough information to audit exempt sales and control the cheating. It was suggested that businesses be required to indicate on each exempt sale receipt the business making the purchase. Thus if a business selling hardware was found to be purchasing groceries with a tax exemption that business could be audited.

A general discussion occurred regarding the different classes of business licenses that could be issued. It was suggested that the classes of business licenses be determined by the Finance Director.

Transient Lodging Sales Tax

Osuji stated that some Bed and Breakfast owners have complained about the new Bed Tax. They feel that 8% is excessive. A discussion followed and committee members agreed that the 8% Bed Tax is fair. It was mentioned that in other communities Transient Lodging Tax is larger. Juneau, for example charges 12%.

VI. NEW BUSINESS
DECEMBER FINANCIAL STATEMENT

Revenue

Committee members discussed the collected revenue year to date versus the estimated revenue. They asked to be provided with a sales tax report showing the percent of tax due compared to what is collected (A delinquent tax report).

Expenses

Year to date expenditures were reviewed. The effect of these expenditures on the reserve fund was discussed.

VII. COMMITTEE CHAIR'S COMMENTS

Chairman Jones had no additional comments.

VIII. FINANCE COMMITTEE MEMBER COMMENTS

Seo brought up concerns regarding the grant reporting for the Senior Center. Kanli stated that Joyce Quirion in the Finance Department was now working on the grant reporting. Phillips felt the Finance Department was the appropriate place for the financial portion of the grant to be completed. Seo also said he had heard concerns about ineligible people eating at the Senior Center.

IX. ADJOURNMENT

motion M/M by Osuji , 2nd by Kreider to adjourned the meeting at 09:30 p.m.
Vote Voice vote. Motion carried unanimously.

Passed and Approved This ___ Day of March 1998

Hal Jones
Chairman



ATTEST:



S. Robinson, Finance Director

CITY FINANCE COMMITTEE

Hal Jones, Chairman
Darell Jones
Irv Kreider
Agnes Phillips, Mayor
Clint Schink
Kilsoo Seo
Zod Osuji

FINANCE DIRECTOR

Stu Robinson



City of Bethel
Regular Finance Meeting Minutes
March 12, 1998

I. CALL TO ORDER

Chairman Hal Jones convened the meeting at 7:30 p.m. in the City of Bethel Finance Office Conference room.

II. ROLL CALL

Present: H. Jones, Kreider, D. Jones, Schink, Seo
Absent: Phillips (Excused)
Osuji

III. PEOPLE TO BE HEARD

None

IV. APPROVAL OF MINUTES

Motion M/M by Schink, 2nd by Kreider to approve the minutes of the February, 12, 1998, meeting as presented.

Vote Voice vote. Motion carried unanimously.

V. APPROVAL OF AGENDA

Motion M/M by Kreider, 2nd by Schink to amend the agenda by removing New Business Item A: Braund Building Renovation project review.

Vote Voice vote. Motion carried unanimously.

VI. OLD BUSINESS

Chairman Jones announced that committee member, Osuji, had resigned from BCS and moved. In the absence of a signed notice to resign from this committee, it was reiterated that three unexcused absences require the removal of the committee member.

Discussions followed regarding the draft Sales Tax Ordinance submitted by the City Attorney, Lee Sharp.

The City Attorney rewrites of Chapter 4.16 Sales Tax was review, discussed and revise accordingly.

Reference: Chapter 4.16 Sales Tax

- Recommend **delete** Chapter 4 Section 16 Item 010 Paragraph "I."
Definitions: "Single Sale Unit" is understood to cover in previous paragraphs by other definitions as final product, service, goods sold to the end user.
- Recommend **delete** Chapter 4 Section 16 Item 010 Paragraph "J."
Definitions: "Storage, use or consumption" of an alcoholic beverage is addressed in the BMC under separate sections.
- Recommend **delete** Chapter 4 Section 16 Item 017. Sales Tax Trust Fund
Not required
- Recommend **change** Chapter 4 Section 16 Item 030. Exemptions Paragraph I.
To read: The lending of money and interest charged for loans, ~~but~~ loan origination fees, points, set up charges and similar fees and charges that are ~~not~~ exact reimbursements for services rendered to the borrower are exempt;
- Recommend **delete** Chapter 4 Section 16 Item 030. Paragraph M.
The sale of labor and materials for construction etc.

Motion M/M by H. Jones, 2nd by D. Jones, to recommend that the Site Plan applications include an additional fee of \$ 175 for construction costs in excess of thirty-five hundred dollars. The Site Plan would be serve as a sales tax exemption for construction material purchase purposes. If the scope of construction proposed is less than thirty-five hundred dollars, the exemption does not apply.

Vote Voice vote. Motion carried unanimously.

Motion M/M by H. Jones, 2nd by D. Jones, to recommend that an optional Homeowner remodel / repair permit is made available at a fee of \$200. The permit serves as an exemption for a period of six months from the date of issue.

Vote Voice vote. Motion carried unanimously.

VII. **NEW BUSINESS**

A. None Scheduled

VIII. COMMITTEE CHAIR'S COMMENTS

A. Chairman Jones scheduled a working session meeting for the 19th of March to work on Business License recommendations.

IX. FINANCE DIRECTOR'S COMMENTS

None

X. FINANCE COMMITTEE MEMBER COMMENTS

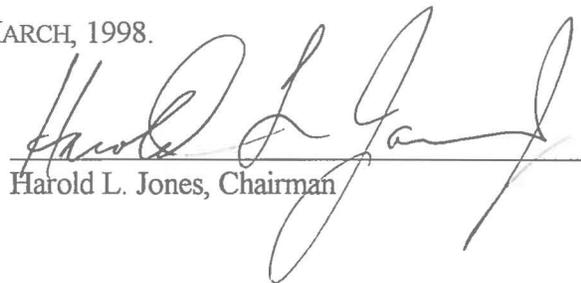
None

XIII. ADJOURNMENT

motion M/M by Schink, 2nd by Kreider to adjourn the meeting at 10:30 p.m.

vote Voice vote. Motion carried unanimously.

PASSED AND APPROVED THIS 25TH DAY OF MARCH, 1998.



Harold L. Jones, Chairman

ATTEST:


Stuart N. Robinson, Finance Director

CITYFINANCE COMMITTEE

*Hal Jones, Chairman
Darell Jones
Irv Kreider
Agnes Phillips, Mayor
Clint Schink
Kilsoo Seo
vacant*

FINANCE DIRECTOR

Stu Robinson



**City of Bethel
Regular Finance Committee Meeting Minutes
April 09, 1998**

I. CALL TO ORDER

Chairman Hal Jones convened the meeting at 8:30 p.m. in the CITY OF BETHEL Finance Office Conference room.

II. ROLL CALL

Present: H. Jones, D. Jones, Mayor Phillips, Seo

Absent: Krider (Excused)
Schink
Osuji

Guest Present: Mike O'brien, City Councilman
Robinson, City Finance Director

Chairman Jones declared the chair previously appointed to Zod Osuji vacant by virtue of 3 unexcused absences. Mayor Phillips reminded Robinson to let City Clerk, Walters to advertise the vacancy to the public.

III. PEOPLE TO BE HEARD

None

IV. APPROVAL OF MINUTES

motion M/M by D.Jones, 2nd by Seo to approve the minutes of the March 12, 1998, regular meeting as presented.

vote Voice vote. Motion carried unanimously.

V. APPROVAL OF AGENDA

motion M/M by D.Jones, 2nd by Seo to approve the agenda.

vote Voice vote. Motion carried unanimously.

VI. OLD BUSINESS

Item A: Sales Tax Ordinance Review and Discussion

Motion M/M by D. Jones, 2nd by Seo to recommend that two seminars be offered each year on Sales Tax collections, reports, Business License renewal procedures and policies and applicable Municipal Codes. And those new Business License applicants must attend a seminar in the year of initial Business License issuance. All prior existing Business License holders are "grandfathered in." In that those Business Owners with current Licenses are not required but strongly encouraged to attend at least one of the meetings offered. Chairman Jones added, "ignorance of the Ordinances and Municipal Codes is no excuse or defense." Failure by a new Business License holder to attend one meeting in the Calendar year that the new license was issued will result in the automatic revocation of the license at the end of the first calendar year the license was issued. One excused absence can be requested and approved by the City Finance Department provided the request is reasonable and is related to an emergency or condition that the new licensee has no control over.

vote Roll Call vote. Motion carried, unanimous.

motion M/M by D.Jones, 2nd by Seo, to recommend to City Council that the Finance Committee be established as a Commission to the Council and will provide the intention and rationale required to support this request.

vote Roll Call vote. Motion carried, unanimous.

motion M/M by D.Jones, 2nd by Seo, to recommend that the Business License Ordinance include an amendment that any Business License applicant is prevented from applying for a new Business License if the applicant has an existing sales tax delinquency and or a tax lien on a previously licensed business owned or operated by the applicant or a significant other relationship that imply the ownership is not a separate entity.

vote Roll call vote. Motion carried, unanimous.

VII. NEW BUSINESS none

VIII. COMMITTEE CHAIR COMMENTS

Hal Jones - Thanked all in attendance for supporting the Committee and its efforts to forward to Council a simple, fair and easily understood Sales Tax and Business License Ordinance.

- Would like the FINANCE DIRECTOR to review the recent sales tax audit correspondence for authority and legal enforcement. The request would include researching the response of the Finance staff. And the accuracy and findings of the independent Audit firm contracted to conduct the Sales Tax Audit.
- It was also discussed and considered that the process of review and appeal of the Audit findings be reviewed with the FINANCE DIRECTOR prior to the issuance Audit findings. This review was considered acceptable reasonable by all attendees of this meeting. Future considerations of appeal procedures will be addressed in recommendations by this committee to allow for Audits to be reviewed for obvious errors and omissions first by the Finance office and then by the independent Auditors if required. The Finance Committee and then Council would be considered the appropriated chain of events after staff and auditors in the appeal process if requested.

IX. FINANCE DIRECTOR COMMENTS

- The Finance Director believes that the letters issued to those audited Businesses were correct, legal, and appropriate. See supporting document attached (Memo fm the City Attorney, dated 12Mar97.) However it is apparent that the legal approach to collections is not considered desirable or appropriate. I will initiate at once a follow up review of records with those audited who request a meeting, appeal, or review regarding the letters dated March 25th 1998. It is my sincere belief that the revision of our sales tax and business license will reduce the confusion, frustration, financial waste, and restore the trust and confidence in the City's Finance Department that is respectfully deserves.

X. FINANCE COMMITTEE MEMBER COMMENTS

None

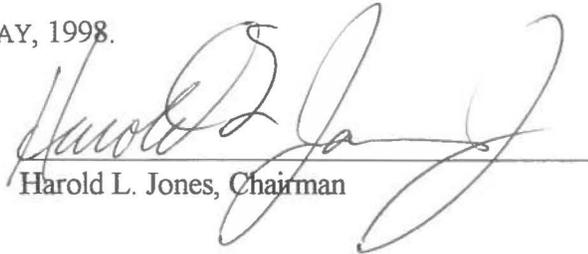
Guest Councilman – O'Brien, Wished to thank all present and Committee for the effort and dedication displayed in assisting the Council and community in achieving their financial goals.

III. ADJOURNMENT

motion M/M by Phillips, 2nd by Seo to adjourn the meeting at 9:41 p.m.

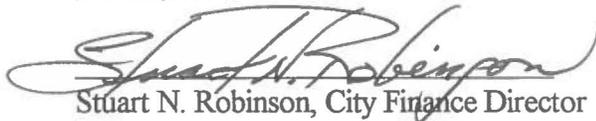
vote Voice vote. Motion carried unanimously.

PASSED AND APPROVED THIS 7TH DAY OF MAY, 1998.



Harold L. Jones, Chairman

ATTEST:



Stuart N. Robinson, City Finance Director



CITY FINANCE COMMITTEE
Hal Jones, Chairman
D.J. Jones
Kreider
Agnes Phillips, Mayor
Ciba Schink
Kilsoo Seo
vacant

CITY OF BETHEL

P.O. Box 1000 Bethel, Alaska 99559-1000
Phone: 43-2047
Fax: 43-2071



FINANCE DIRECTOR
Stu Robinson

City of Bethel
Special Finance Committee Meeting Minutes
May 07, 1998

I. CALL TO ORDER

Chairman Hal Jones convened the meeting at 6:30 p.m. in the CITY OF BETHEL Finance Office Conference room.

II. ROLL CALL

Present: H. Jones, D. Jones, Mayor Phillips, Seo, Kreider, Schink

Absent: None

Guest Present: Mike O'brien, City Councilman
Bob Herron, City Manager
Robinson, City Finance Director

III. PEOPLE TO BE HEARD

None

IV. APPROVAL OF MINUTES

motion M/M by D.Jones, 2nd by Kreider to approve the minutes of the April 09, 1998, regular meeting as presented.

vote Voice vote. Motion carried unanimously.

V. APPROVAL OF AGENDA

motion M/M by Kreider, 2nd by D.Jones to approve the agenda.

vote Voice vote. Motion carried unanimously.

VI. OLD BUSINESS

Item A: Sales Tax Ordinance Review and Discussion

Robinson requested that the Sales Tax collection audit policies, Business License Classes, Construction sales tax applications, and Bed Tax be reviewed.

- Sales Tax Audit Discussions:

It was mutual agreed and recommended that the **Finance Director** would respond directly to Sales Tax Auditees at the *initial level of appeal*. The Finance Director would hear the appeal, would be allowed to refund or waive uncollected taxes up to \$ 1,000. Amounts greater than

\$1000 would be recommended to be waived or refunded to the *second level of Appeal*.

The Sales Tax Appeal Board would be comprised of five members. These members include; The Finance Director, The City Clerk, The City Manager, One City Council member, and any one Finance Committee member. Any two of these members may be preempted by substituting members of the City Chamber of Commerce. In the event that the Auditee is dissatisfied with the recommendation of the first two appeal levels, a *third and final appeal* will be conducted by the City Council. The Council's decision is final.

- Construction Sales Tax-

It is recommended that, new housing construction will be subject to sales tax at the current "single sale unit" price of thirty-five hundred dollars. Materials and supplies will be tax-exempt when evidence of a site plan and business license class "C" is presented.

Commercial construction will be exempt providing a project permit is issued by City Planning which will limited the project by site and a period not to exceed 180 days from issuance. The fee recommended is two hundred dollars per project.

- Sales Tax exemptions for Bed Tax –

It was recommended that State and Federal statues and statewide practices are poled and findings be presented to this committee when available.

- Business License –

Business license holders are recommended to attend at least one of two seminars each year. The focus recommended is the record keeping, filing of taxes and application of exemptions when applicable. Additionally, it was recommended that the Finance Director would establish the classes and modify, revise, review as necessary.

VII. NEW BUSINESS none

VIII. COMMITTEE CHAIR COMMENTS

Hal Jones – None

IX. FINANCE DIRECTOR COMMENTS - None

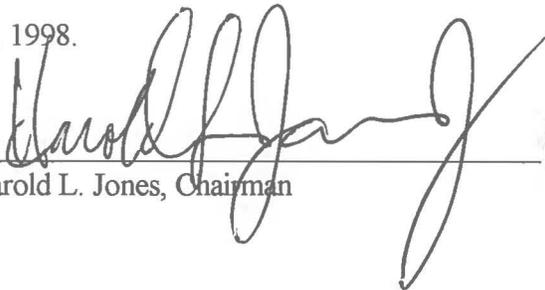
X. FINANCE COMMITTEE MEMBER COMMENTS- None

III. ADJOURNMENT

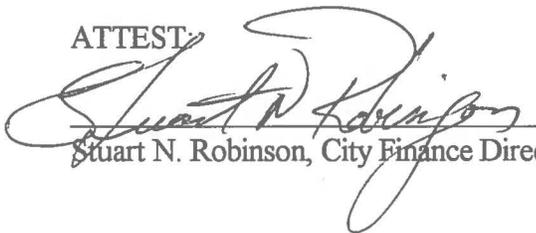
motion M/M by Phillips, 2nd by Seo to adjourn the meeting at 9:00 p.m.

vote Voice vote. Motion carried unanimously.

PASSED AND APPROVED THIS 14TH DAY OF MAY, 1998.



Harold L. Jones, Chairman

ATTEST


Stuart N. Robinson, City Finance Director

City of Bethel, Alaska

Finance Committee Minutes

June 11, 1998

Regular Meeting

Bethel, Alaska

CALL TO ORDER

The Regular Meeting of the Finance Committee was held on June 11, 1998, at 7:00 p.m. in the Conference Room of the Braund Building.

ROLL CALL

There were present:

Hal Jones, Chairman	Agnes Phillips
Clint Schink	Darrell Jones
Mark Renner	

comprising a quorum of the Committee.

Also in attendance were:

Lee Sharp, City Attorney
Celeste Kanli, Deputy Finance Director

APPROVAL OF AGENDA

MOVED BY:	Schink	To approve the agenda.
SECONDED BY:	D. Jones	

VOTE ON MOTION	Motion approved by unanimous consent.
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DRAFT SALES TAX ORDINANCE

Hal reviewed notes about the draft sales tax ordinance given him by Irv Krieder, a committee member who could not be present at the meeting.

The committee then reviewed the draft sales tax ordinance.

Sect. 4.16.010 = no change

Sect. 4.16.020 – Committee requested “narrowly construed”. Lee changed to broadly and indicated that is the way the courts apply it. Discussion ensued regarding broad vs. narrow. The committee reinforced their wish to keep the ordinance simple.

Sect. 4.15.030 – Hal indicated he had talked with other business owners. No one was in favor of setting up a trust fund for the city. Lee explained that sales tax does not belong to the business owners, but rather the city. In case of bankruptcy, courts look at city as another creditor. Darrell suggested this become a penalty for those who default on tax payments.

Discussion ensued on games of skill and chance. Sales tax to be 5% on gross sales.

Points made during discussion:

- Diversity of businesses in Bethel
- Tax on retail, not wholesale
- Sales of construction materials for new construction

Sect. 4.16.070C section to be deleted.

Sect. 4.16.090 A 1 and 3 "paid"

4 delete "without....." and insert "and performed within the city"

B revise

Section 4.16.110 – Discussion on types of records needed to satisfy and audit.

Sect. 4.16.020 – where should threshold be for who has to file monthly vs. quarterly - \$100 per month or less pay quarterly.

The meeting adjourned at 10:00 p.m.

Respectfully submitted



Gaye J. Vaughan, City Clerk

FINANCE COMMITTEE MINUTES
DATE: November 4, 1998

CITY FINANCE COMMITTEE

Hal Jones, Chairman
Darell Jones
Irv Kreider
Mark Renner
Clint Schink
Kilsoo Seo
Agnes Phillips, Mayor



FINANCE DIRECTOR
Stu Robinson

City of Bethel
Regular Finance Meeting Minutes
October 08, 1998

I. CALL TO ORDER

Chairman Hal Jones convened the meeting at 7:37 p.m. in the City of Bethel Finance Office Conference room.

II. ROLL CALL

Present: H. Jones, Phillips, Renner, Schink, Seo, D. Jones,
Absent: Kreider,
Guests: Bob Herron, City Manager

III. PEOPLE TO BE HEARD

- None

IV. APPROVAL OF MINUTES

Motion: M/M by D.Jones, 2nd by Seo to approve the minutes of the June 11, 1998 meeting as presented.

Vote: Voice vote. Motion carried unanimously.

V. APPROVAL OF AGENDA

Motion: M/M by D.Jones, 2nd by Renner to approve the agenda.

Vote: Voice vote. Motion carried unanimously.

FINANCE COMMITTEE MEETING MINUTES

DATE: 11/04/98

III. OLD BUSINESS

ITEM A.

Sales tax draft had been review, revised, and returned to City Attorney in March. Chairman Jones advised committee that the committee should complete the draft and submit to City Council. City Manager Bob Herron replied that the recommended draft of the Sales Tax Ordinance is intended to be presented to Council on October 27th.

Sales tax review was deferred until Draft was received from City Attorney

ITEM B.

Transient retail sales was discussed and suggested that there be a flat fee for transient businesses

ITEM C.

Enforcement procedures were discussed using Business License suspensions, revocations or other means when permanent Business locations are used transient sales or services. For example, transient businesses operating on the floor of a local business with permission of the permanent business would fall under the scrutiny of City ordinance if the transient business failed to secure a business license and or collected sales taxes and failed to submit to the City.

IV. NEW BUSINESS

Chair was presented the Attorneys Business License Ordinance Draft for review by the Finance Director.

5.04.010 Business Defined. *No changes to existing definitions*

Proposed 5.04.0XX Business License Class Defined. *To be determined by the Finance Office.*

5.04.020 Other regulatory provisions. *No change. Proposed Seminars for new business owners to be determined by Finance Office*

5.04.030 Required - Application. *No change except **change City Clerk to Director of Finance.***

5.04.040 Fee. **Fee change to fifty dollars biennially.**

5.04.045 Additional Fees for Business Selling Games of Skill and Chance.

FINANCE COMMITTEE MEETING MINUTES

DATE: 11/04/98

Change 3.75 percent to 5.0 percent of the gross Revenues

Change quarterly requirement to report to monthly as required by State.

5.04.048 Insurance Required. **New requirement for transient lodging businesses.**

5.04.050 Term and Classification. **New** Finance Director will establish the method for determining the application of renewal periods and classification of licenses.

5.04.060 Renewal. **New revision.** Applications shall be received before January 01 of the calendar year following the expiration date of December 31st. Any application received after December 31st of the expiration year is subject to a fee of twice the fee established in section 5.04.040 of the BMC.

5.04.070 Regulations. **New.** The Finance Department may issues regulations to enforce, collect, or otherwise determine fees and charges unless review and rejected by the council.

5.04.075 Record Keeping. **Not addressed** in this draft. To be determined by Finance Director.

5.04.080 Failure to obtain. **No Change.**

5.04.090 Offenses. **No Change.**

5.04.100 False Statements. **No Change.**

5.04.110 Violation - Penalty. **New revision.** Violation of any provision, or any regulation adopted henceforth related to this section is subject to a fine of up to \$200. If it has been determined that a convection of a previous violation existed within three years the fine is \$500.

5.04.120 Violation- Prosecution. **No Change.**

V. COMMITTEE CHAIR'S COMMENTS

Hal Jones questioned the requirement for public hearing. City Manager will investigate and report to committee.

Public Notices will be scheduled for November to announce renewal dates for Business Licenses.

VI. FINANCE DIRECTOR'S COMMENTS

**FINANCE COMMITTEE MEETING MINUTES
DATE: 11/04/98**

FINANCE COMMITTEE MEMBER'S COMMENTS

VI. ADJOURNMENT

Motion: M/M by D.Jones, 2nd by Schink to adjourn the meeting at 8:45 p.m.

Vote: Voice vote. Motion carried unanimously.

Passed and Approved This 12th Day of November 12, 1998

Signature:

Hal Jones, Chairman

ATTEST:

S. Robinson, Finance Director

FINANCE COMMITTEE MINUTES
DATE: November 13, 1998

CITY FINANCE COMMITTEE

Hal Jones, Chairman
Darell Jones
Irv Kreider
Mark Renner
Clint Schink
Kilsoo Seo
Agnes Phillips, Mayor



FINANCE DIRECTOR
Stu Robinson

City of Bethel
Regular Finance Meeting Minutes
November 13, 1998

I. CALL TO ORDER

Chairman Hal Jones convened the meeting at 7:31 p.m. in the City of Bethel Conference room.

II. ROLL CALL

Present: H. Jones, Kreider, Seo, D. Jones
Absent: Phillips, Renner, Schink
Guests: Bob Herron, City Manager

III. PEOPLE TO BE HEARD

- None

IV. APPROVAL OF MINUTES

Motion: M/M by D.Jones, 2nd by Kreider to approve the minutes of the October 08, 1998 meeting as presented.

Vote: Voice vote. Motion carried unanimously.

V. APPROVAL OF AGENDA

Motion: M/M by D.Jones, 2nd by Kreider to approve the agenda.

Vote: Voice vote. Motion carried unanimously.

FINANCE COMMITTEE MEETING MINUTES

DATE: 11/13/98

III. OLD BUSINESS

Review City Attorney Draft of revised Sales Tax Ordinance, Chapter 4.16 of the Bethel Municipal Code

ITEM A.

Sales tax draft had been review. The following discussion and comments are noted:

(a) Bob Herron, City Manager, confirm that Section 4.16.040 *Exemptions*, Item P. had been removed. The sale of a play in games is covered elsewhere in the code and is not a "Sales" tax.

(b) Section 4.16060 *Tax added to sales price*, Item C. was revised to ensure that taxes due but not collected are payable when collected as in installment and deferred payments. It was suggested that Item B be reworded as to agree in context with Item C.

(c) Section 4.16.200 *Protest and Appeal by Seller*. Section B. was review and discussed. The recommendation of the committee is that the wording include the provision that the City Finance Director have discretionary authority to collect payment with the protest at the time the appeal is filed.

This Ordinance is recommended to Council as review for the Council Meeting scheduled November 17, 1998.

IV. NEW BUSINESS

None

V. COMMITTEE CHAIR'S COMMENTS

Hal Jones suggested the Finance department commence development of the Education program, the License class and regulation program and the exemption change notification as soon as the Council approves the proposed Sales Tax and Business License revised Codes.

Public Notices will be scheduled for November to announce renewal dates for Business Licenses.

VI. FINANCE DIRECTOR'S COMMENTS

NONE

FINANCE COMMITTEE MEETING MINUTES
DATE: 11/13/98

FINANCE COMMITTEE MEMBER'S COMMENTS

VII. ADJOURNMENT

Motion: M/M by D.Jones, 2nd by Kreider to adjourn the meeting at 8:30 p.m.

Vote: Voice vote. Motion carried unanimously.

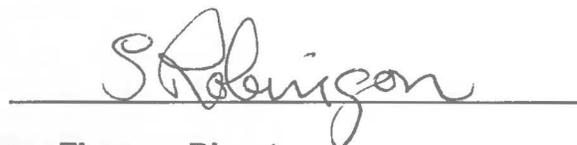
Passed and Approved This 12th Day of November 12, 1998

Signature:



Hal Jones, Chairman

ATTEST:



S. Robinson, Finance Director