

City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, March 2, 2016, 5:30 p.m.

I. Call to Order

The meeting was called to order at 5:30 PM by Jerry Nankervis, Chair.

II. Roll Call

Committee Members Present: Mary Becker, Jesse Kiehl, Debbie White, Jerry Nankervis, Barbara Sheinberg, Maria Gladziszewski and Jamie Lynn Bursell.

Committee Members Participating Telephonically: Loren Jones.

Committee Members Absent: Kate Troll.

Staff Present: Kim Kiefer, City Manager; Mila Cosgrove, Deputy City Manager; Bob Bartholomew, Finance Director; Clinton Singletary, Sales Tax Administrator, Jean Hodges, Assistant Controller, and Elisabeth Jensen, Budget Analyst.

Others Present: Karen Tarver, CPA, Partner, Elgee Rehfeld Mertz, LLC; and Audit Team, Elgee Rehfeld Mertz, LLC.

III. Approval of Minutes

The February 10, 2016 minutes were approved as presented.

IV. FY15 Audit Report Presentation

Bob Bartholomew introduced Karen Tarver, CPA & Partner with Elgee Rehfeld Mertz, LLC.

Ms. Tarver introduced the audit staff sitting in the audience and provided a PowerPoint presentation, discussing the JSD, BRH and CBJ audits and findings.

Bob and Ms. Tarver fielded questions from the committee members regarding the presentation.

V. Manufacturing Property Tax Exemption

Bob Bartholomew presented the annual information and recommended the body forward the item to the full Assembly for approval.

Jesse Kiehl moved the AFC forward the Business Property Tax Manufacturing Exemption Amounts to the Assembly for approval.

There were no objections.

VI. Taxation of Goods & Services Sold Aboard Cruise Ships

Bob Bartholomew and Clinton Singletary provided background on the topic, and addressed questions from the committee. Mr. Nankervis indicated the topic will come back to the AFC once Staff does more research, address questions from committee members and requests feedback from the industry. Committee members were encouraged to direct further questions to Mr. Bartholomew.

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VII. Sales Tax Exemption on Services Provided by Licensed Massage Therapists

Bob Bartholomew and Clinton Singletary discussed the topic that was requested by massage therapists asking for the CBJ Sales Tax Code to be updated since the State of Alaska (SOA) now requires Massage Therapists to obtain professional licensure from the SOA and the Board of Massage Therapists.

Jamie Lynn Bursell disclosed to the body that she may have a conflict of interest on the topic, as her husband practices medicine in Juneau and prescribes medical massage.

Chair Nankervis ruled that Ms. Bursell did not have a conflict of interest.

Committee members discussed numerous scenarios related to taxation and tax exemption relating to medical, massage, prescription and over-the-counter (OTC) services. Mr. Kiehl shared the beauty of the current CBJ code is that the city is not making the determination (what is / is not medical vs. luxury), medical providers are bearing that responsibility.

Mr. Jones stated that he didn't mind paying the tax when it wasn't covered by insurance; relating that he also pays sales tax on OTC medicine, but that prescription medicine is not subject to CBJ Sales Tax.

Mr. Nankervis asked for a motion. Mr. Kiehl called for orders of the day. There were no objections.

The meeting was recessed at 6:43 PM.

The meeting reconvened at 6:50 PM.

VIII. Budget Preparation Update

Bob Bartholomew provided insight into the developing budget for the FY17/18 Operating Budgets. Mr. Bartholomew walked through the 2 page document handed out at the meeting. The document detailed the issues related to preparation of FY17 & 18 budgets and funding risks from potential decreased state funding. Mr. Bartholomew asked for feedback from the Committee members.

IX. Information Item – Marijuana Sales and Excise Tax Information

Bob Bartholomew provided information on marijuana sales and excise tax options. Mr. Kiehl raised the question of whether the state had authority to collect an excise tax on-behalf of local governments. Staff was asked to follow up on that.

X. Next Meeting Date

Wednesday, April 6, 2016

XI. Adjournment

Meeting was adjourned at 7:37 PM.