

ADMINISTRATIVE GUIDELINES
CAP ON THE SALE OF A SINGLE ITEM
Procedure 421

To promote purchasing from local businesses and to deter residents from purchasing high-ticket items outside of the Juneau area where a sales tax may not exist, the Assembly adopted a “cap” exemption on the sale of a single item. The exemption provides that the portion of the purchase price that exceeds the applicable cap is exempt from sales tax.

The exemption is specific to a single item, not a single invoice. The purpose is to provide sales tax relief when purchasing a single “high ticket” item, not to exempt all items purchased in a single sale on a single invoice.

Effective October 1, 2026, the sales tax cap on a single-item sale increased to \$50,000. An exception applies to motor vehicle sales with a selling price of \$50,000 or less, which are subject to a lower cap of \$15,000.

The applicable single item cap is based on the date of the sale, as shown below:

Single Item Cap Levels by Effective Date		
Effective Dates	Single Item Cap Level	Exception: Motor Vehicles \$50,000 or less
January 1, 2024 – December 31, 2025	\$14,300	n/a
January 1, 2026 – September 30, 2026	\$15,000	n/a
October 1, 2026 – December 31, 2027	\$50,000	\$15,000

69.05.040(21): *That part of a selling price of a single item that exceeds \$50,000.00.*

This amount will be adjusted on January 1, 2028, and every two calendar years thereafter consistent with the Consumer Price Index for all urban consumers for Anchorage metropolitan area compiled by the United States Department of Labor, Bureau of Labor Statistics. Adjustments to the amount listed will be rounded to the nearest \$100.

(a) For purposes of this subsection, a single item is:

(i) An item sold in a single sale consisting of integrated and interdependent component parts affixed or fitted to one another in such a manner as to produce a functional whole. Optional accessories, including goods, services, and contracts for services, if used or essential for the operation of the item, shall be considered part of the functional whole; or

(ii) A single delivery of fuel oil in excess of 50,000 gallons delivered by marine transportation to a single customer.

(b) This section does not apply to the sale of jewelry. For purposes of this subsection:

(i) "Jewelry" is defined as any tangible item or personal property ordinarily wearable on a person consisting in whole or in part of any metal or gem customarily regarded as precious.

(ii) "Precious gems" means any gem that is valued for its character, rarity, beauty or quality, including but not limited to, diamonds, rubies, emeralds, sapphires, opals, pearls or any other such precious gems or stones.

(iii) "Precious metals" means any metal that is valued for its character, rarity, beauty or quality, including but not limited to, gold, silver, platinum, titanium or any other such metals.

(c) Notwithstanding the exemption provided in this subsection, for a motor vehicle with a selling price of \$50,000.00 or less, that part of the selling price that exceeds \$15,000.00 shall be exempt from taxation. For a motor vehicle with a selling price greater than \$50,000.00, that part of the selling price that exceeds \$50,000.00 shall be exempt from taxation. Adjust with Consumer Price Index as provided under subsection (21).

Application of the Single Item Cap

To qualify as a single item, component parts or optional accessories must be affixed or fitted together to create one functional whole. When goods are sold by unit of measurement, such as by the gallon, yard, or ton, each unit is considered separately when applying the cap. Purchasing multiple units together does not make them a single item. The selling price of the individual unit would need to exceed the applicable cap for the exemption to apply.

Jewelry: The single item cap does not apply to the sale of jewelry. Jewelry remains subject to sales tax on the full selling price.

Services: Services to install a single item are considered part of the sale of the single item and are included when applying the cap. For example, the purchase of a furnace and the labor to install it would be considered one item when applying the cap.

Service contracts: If a warranty is purchased at the same time as a single item and included on the same invoice, the warranty is considered part of the sale of the single item and is included when applying the cap. If a warranty is purchased later, the single-item purchase and the warranty purchase are separate transactions for sales tax purposes.

Marine fuel deliveries: The exemption also applies to the portion of the selling price that exceeds the single item cap for a single delivery of more than 50,000 gallons of fuel oil to a single customer by marine transportation. The fuel does not have to be used for marine purposes; however, it must be delivered by marine transportation to qualify for the exemption.

Leases and rentals: The single item cap does not apply to leases or rentals.

Motor Vehicles

Effective October 1, 2026, a lower \$15,000 cap applies to the sale of a motor vehicle with a selling price of \$50,000 or less. Motor vehicles with a selling price greater than \$50,000 are subject to the standard \$50,000 single item cap.

For purposes of applying the sales tax cap under CBJC 69.05.040(21), a motor vehicle means *a self-propelled vehicle designed primarily for transporting people or property on public roads. This includes passenger cars, trucks, vans, SUVs, and motorcycles.*

This definition is intended to apply to traditional motor vehicle purchases only and should not be extended to equipment, trailers, boats, aircraft, heavy machinery, or any other goods.

Historical Cap Levels

The single item cap has been adjusted periodically since it was first adopted. The table below provides prior cap levels for reference.

Historical Single Item Cap Levels		
Dates	Single Item Cap Level	Exception: Motor Vehicles \$50,000 or less
Prior to 1991	\$5,000	n/a
1991- June 30, 2015	\$7,500	n/a
*July 1, 2015 – December 31, 2017	\$12,000	n/a
January 1, 2018 – December 31, 2019	\$12,100	n/a
January 1, 2020 – December 31, 2021	\$12,400	n/a
January 1, 2022 – December 31, 2023	\$12,800	n/a

***Effective July 1, 2015**, a provision was added that provides for periodic adjustments to the single item cap. Adjustments are based on the Consumer Price Index for the Anchorage metro area. Merchants will be notified of any future adjustment to the cap.