CITY AND BOROUGH OF JUNEAU, ALASKA
Finance Department – Sales Tax Division
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November 2025

****NOTICE OF SALES TAX CODE CHANGES****
New Sales Tax Exemption – Essential Utilities
Effective November 20, 2025

The City and Borough of Juneau Sales Tax Office is implementing the new **Essential Utilities Exemption**, approved by Juneau voters as part of a voter initiative that appeared on the October 2025 Municipal ballot. This measure takes effect on **November 20, 2025**.

This exemption applies to the sale of essential utilities to individuals for solely non-commercial use within the City and Borough of Juneau. It will apply to qualified sales made on or after November 20, 2025, and should be reflected in merchant reporting beginning in the 4th Quarter 2025.

The new exemption applies to five specific essential utilities:

- Electricity
- Heating fuel (fuel oil, wood, wood pellets, propane, or kerosene used for heating)
- Water and wastewater service
- Residential curbside refuse and recycling collection
- Personal, non-commercial landfill use

Grace Period

CBJ recognizes that implementation will be imperfect due to the scope of this work and are providing a 180-day grace period where we will not seek to recoup mistakenly uncollected sales tax, as long as utilities are acting in good faith. CBJ will work with utilities, the Assembly, and the ballot sponsors to keep the process clear and simple. Should additional code language be needed, it will be introduced in November 2026.

Commercial vs. Residential Rate Determinations

Most, if not all, utilities already designate commercial and residential rates for billing purposes. To ensure that the intent of the ballot sponsors and the will of the voters is honored, during the 180-day grace period CBJ will accept each utility's definition and designation of residential and commercial. Utilities that have a definition of residential should utilize that definition to provide initial sales tax exemptions, and we ask that you provide that definition to the CBJ Sales Tax Office by the end of the year. CBJ Sales Tax will review the definitions provided and communicate with the utilities if there are concerns. If the utility does not have a definition, CBJ has provided one below.

Dispute Resolution

Understanding that utilities may have varying definitions of commercial and residential, there may be some customers granted a sales tax exemption from Utility A and not from Utility B. For retail purchases of individual items such as wood pellets, customers will need to present a sales tax emption card; they may apply for this card at the CBJ Sales Tax Office or online. If there is a dispute, the customer may complete the application for a utility sales tax exemption card at the CBJ Sales Tax Office (or online) and submit their exemption card to the utility in order to receive the exemption. The customer must meet CBJ's definitions below to receive an exemption card from CBJ. Utilities should accept this card as proof that the customer meets the requirements for the exemption.

Definitions

CBJ provides the following definitions for guidance where utilities do not already designate rates as commercial or residential:

> *Commercial*, for the purpose of the utility exemption, is defined as a location which is significantly used for business activities designed to generate sales and profit, including but not limited to, offices, retail, stores, industrial warehouses, non-profits, hospitals, and hospitality properties.
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> *Heating fuel (fuel oil, wood, wood pellets, propane, or kerosene used for heating)*, is defined as fuel intended to heat a residence for occupancy.
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> *Residential*, for the purpose of the utility exemption, is defined as the home of a CBJ resident, located within the City and Borough of Juneau, which is maintained for year-round use. Residential includes bundled residences, attached homes, condominiums, and mobile home park homes that are *not* being used for short-term rentals or vacation rentals.
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> *Resident*, for the purpose of the utility exemption, means a person who has established a residence in the City and Borough of Juneau with the intent to remain indefinitely and to make a home in the City and Borough. A person demonstrates the intent required by maintaining a principal place of abode in the City and Borough for at least 30 consecutive days immediately preceding the date of application for the sales tax exemption.

Merchant Documentation Requirements

To accept the exemption, merchants must verify the resident's eligibility at the time of sale and record the following information:

Retail Sales (including the landfill)

- Date of sale
- Invoice or receipt number
- Amount of the sale
- CBJ Exemption Number & Expiration Date
- Customer signature
- Sales clerk's initials

Monthly/Auto Billing

- Documentation of residential/non-commercial use
- Amount of the exempt billing
- Date of billing

For retail sales, including at the landfill, merchants must see a copy of the essential utility exemption card. For automatic billing accounts, merchants must keep information on file confirming that the utilities are exempt.

After the grace period, failure to maintain required documentation may result in the loss of the non-taxable sales deduction on the merchant's sales tax return. CBJ management anticipates working with utilities during this period to ensure vendors have the information needed to maintain compliance.

Reporting Requirements

When completing your tax reporting, exempt sales made on or after November 20, 2025, related to the Essential Utilities exemption should be listed under **exemption code 45 – ESSENTIAL UTILITIES**.

You will need to separately report sales made under Senior Exemption cards (exemption code 18).

Questions or Assistance
More information is available in our sales tax guidelines at https://juneau.org/finance/sales-tax-guidelines, under procedure 445. If you have specific questions about how to apply or document this exemption, don't hesitate to contact the CBJ Sales Tax Office at (907) 586-5215 ext. 4901, or email sales.tax.office@juneau.gov.

Thank you for your continued cooperation and partnership in maintaining fair and accurate sales tax administration within the City and Borough of Juneau.

Sincerely,

Sales Tax Office

CBJ Sales Tax Office
Phone: (907) 586-5215 x 4901
Email: sales.tax.office@juneau.gov
Website: https://juneau.org/finance/sales-tax