

**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 for that part of the purchase price that exceeds \$14,300 for a single item to be exempt from the 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 rather than to exempt all items that may be purchased in a single sale on a single invoice.

History of Single Item Cap Levels	
Prior to 1991	Cap Level: \$5,000
1991- June 30, 2015	Cap Level: \$7,500
July 1, 2015 – December 31, 2017	Cap Level: \$12,000
January 1, 2018 – December 31, 2019	Cap Level: \$12,100
January 1, 2020 – December 31, 2021	Cap Level: \$12,400
January 1, 2022 – December 31, 2023	Cap Level: \$12,800
January 1, 2024 – December 31, 2025	Cap Level: \$14,300

Effective July 1, 2015, a clause was added that provides for a possible adjustment to the level of the cap on the sale of a single item. Any adjustment will be based on the Consumer Price Index for the Anchorage metro area. Merchants will be notified accordingly of any future adjustment to the level of the cap on the sale of a single item.

Effective January 1, 2016, a clause was added that excludes jewelry from the single item cap.

69.05.040(21): *That part of a selling price of a single item that exceeds \$14,300.00. This amount will be adjusted in 2024 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.*

To qualify as a single item any optional accessories or component parts are to be affixed or fitted to one another to make a functional whole. A single unit measurement for the “cap” exemption applies. For example: the price per gallon, per yard, per ton, etc. would have to exceed \$14,300 to qualify for the “cap” exemption.

Services: Services to install a single item would qualify as a part of the sale of the single item. For example: The purchase of a furnace and the labor to install it.

Service contracts: If a warranty is purchased at the same time as the product and included on the same invoice as the product, the cap exemption would apply to the entire invoice. However, if a warranty is purchased at a later time, the two transactions, purchase of the good and purchase of the warranty, would be considered two separate transactions subject to the sales tax.

The exemption also applies to the portion of the selling price in excess of \$14,300 for a marine fuel delivery of over 50,000 gallons to a single customer. The exemption language was narrowly drafted to allow only for a “marine fuel delivery.” However, it does not specify that the fuel must be used for marine purposes, only that the delivery of the fuel must be made by marine transport.