**ADMINISTRATIVE GUIDELINES**
**ESSENTIAL UTILITIES EXEMPTION**
**Procedure 445**

**Effective November 20, 2025**
*69.05.040(45) Sales of essential utilities to individuals that are solely for non-commercial use within the City and Borough of Juneau. As used in this section, "essential utilities" means:*

*a) Sales of electricity by a utility for non-commercial use at a City and Borough resident's primary residence.*
*b) Sales of heating fuel, including wood, wood pellets, and fuel oil, for non-commercial use at a City and Borough resident's primary residence.*
*c) Sales of water and wastewater service by the City and Borough for service at a City and Borough of Juneau resident's primary residence.*
*d) Sale of residential curbside refuse and recycling collection at a City and Borough resident's primary residence and the non-commercial use of landfill facilities by a City and Borough resident.*

This exemption applies to the sale of essential utilities to individuals for their **personal, non-commercial** use within the City and Borough of Juneau.

## Eligibility

To qualify, an applicant must be a resident of Alaska and a resident of the City and Borough of Juneau.

A resident is defined as a person who has lived in the City and Borough of Juneau for at least thirty (30) consecutive days immediately preceding the application and who intends to remain and maintain a primary residence within CBJ.

## Commercial vs Residential 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, CBJ will accept each utility's definition of residential and commercial. Utilities that have a definition of residential should utilize that definition to provide sales tax exemptions, and must provide that definition to the CBJ Sales Tax Office. 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, the merchant should use the CBJ definition provided below.

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. 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.

For retail purchases of individual items such as wood pellets, customers will need to present a Utility Sales Tax Exemption card; they may apply for this card at the CBJ Sales Tax Office or online.

## Limitations on use of the exemption

**Residential**
For the purpose of the utility exemption, residential 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.

This exemption applies where a cardholder's primary residence is onboard a vessel in a slip at the CBJ-maintained harbors, only when the utility account is in the name of the resident.

**Commercial**
For the purpose of the utility exemption, commercial 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.

Examples of commercial use include, but are not limited to:

- Short-term rentals
- Long-term rentals where the landlord pays the utility bill
- Residential childcare
- Conducting retail sales or services, in person or remotely, out of the residence
- Creation or fabrication of products for eventual retail sale, whether or not that sale occurs out of the location
- Storage of commercial products for eventual retail sale, whether or not that sale occurs out of the location

Where a landlord has an agreement in place that the tenant is responsible for the utility bill, and the utility account is in the tenant's name, the tenant may be eligible for exemption from sales tax. If the tenant moves out, the exemption is removed until a new tenant is added to the account.

Where the utility is billed directly to a management company such as a condo or homeowners association, rather than the individual unit owner, the utility is taxable.

**Essential Utilities**
"Essential Utilities" include:

- Electricity provided by a utility
- Heating fuel used to heat a residence for occupancy (including fuel oil, wood, wood pellets, kerosene, and propane)
- Water and wastewater services provided by CBJ
- Curbside refuse and recycling collection services
- Charges for personal, non-commercial use of the landfill.

Additional information on essential utilities provided below.

## Application and issuance of the exemption card

Qualified residents may apply for an exemption card by completing an application form available from the CBJ Sales Tax Office. This application is also available online on the CBJ Sales Tax website. Applicants must certify residency, and that the exemption will only be used for non-commercial use.

**An exemption card is not required for utilities that bill regularly on a customer's account, unless there is any question about the account holder's eligibility**.

The exemption card will be issued upon verification of eligibility by the Sales Tax Office, and the exemption will take effect upon receipt of the card.

Upon issuance of the card, applicants are responsible for contacting the utility providers they have accounts with to notify them of their exempt status and provide their exemption card number. The cardholder is responsible for notifying their utility providers of any changes to their exempt status.

Each exemption card is tied to a specific residential address. If the cardholder moves, they will need to apply for a new card with their updated address.

The application fee for a Utility Exemption card is $20 and must be paid with application submission. **This fee will be waived during the implementation phase of this program for cards issued prior to July 1, 2026.** There is a $5 replacement fee for lost cards.

Cards will need to be renewed every five years. There is no fee to renew. CBJ will conduct outreach to expiring cardholders in advance of renewal to facilitate that process.

## Responsibilities at time of purchase

To claim the essential utilities tax exemption for **retail sales**, the resident must present a Utility Sales Tax Exemption card to the merchant at the time of purchase and sign the form provided by the merchant.

For **billing of essential utilities on account**, the merchant may accept a signed customer statement from the resident certifying eligibility for the exemption and confirming the utilities are for non-commercial use. Merchants must maintain records of the eligibility determination.

## Merchant responsibility for documentation of exempt sales

Merchants must record and retain documentation for each exempt sale. This may be organized in any format that suits their operation, either by individual invoice, listing, or a single account card, so long as it includes the following:

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

Failure to document exemption claims as outlined may result in loss of the non-taxable sales claim and corresponding tax liability for the merchant.

Merchants who accept exemption cards in good faith and fulfill documentation requirements will not be held liable for unlawful exemption claims made by customers.

## Implementation 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.

## Misuse of exemption

Any person who knowingly misuses an exemption card or provides false information to obtain or use an exemption in violation of CBJ Sales Tax Code may be subject to criminal prosecution.

Under CBJ Code 69.05.052(e), a person who obtains or attempts to obtain an exemption that person is not entitled to is guilty of a Class B Misdemeanor, punishable by fines, imprisonment, or both.

Merchants are required to report suspected misuse of exemption cards to the CBJ Sales Tax Office.

## Further Guidance on Essential Utility Types

### *Electricity*

A Juneau resident is entitled to a sales tax exemption on electricity purchased for their residence.

If an accountholder maintains multiple residences during the year, they may claim the exemption only for electricity services at their primary residence.

The following are **not** eligible for exemption:

- Electricity service provided at a storage unit
- Electricity service provided at a boat slip/boat condo*

- Electricity service provided at an apartment/rental unit owned, but not occupied by the resident where the bill is in the owner's name

** Except where a boat is used as a primary residence AND the resident is billed directly by the utility*

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## *Heating Fuel*

A Juneau resident may claim this exemption for heating fuel purchased for their residence.

For purposes of this exemption, heating fuel is defined as fuel intended to heat a residence for occupancy.

Qualifying heating fuel includes heating oil, propane (for heating only), kerosene, wood, and wood pellets used for heating.

Each of the above heating fuels may be purchased tax-exempt, so long as they are being used for heating the exempt resident's primary residence.

Fuel purchased for residential use other than heating is not subject to the exemption, such as propane for gas grills, or wood and wood pellets used for grills and smokers.

To claim the exemption on retail purchases of heating fuel, the resident must hold a Utility Sales Tax Exemption card which must be presented at the time of sale.

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## *CBJ Water & Wastewater Service*

A Juneau resident may claim this exemption for CBJ Water and Wastewater Services at their residence.

If an accountholder maintains multiple residences during the year, they may claim the exemption only for CBJ water and wastewater services at their primary residence.

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## *Curbside Refuse & Recycling Collection*

A Juneau resident is entitled to claim this exemption on their purchase of curbside refuse and recycling collection services for their residence.

If a cardholder maintains multiple residences during the year, they may claim the exemption only for curbside refuse and recycling services at their primary residence.

For purposes of this exemption, curbside refuse refers to trash or garbage collected for transport to the CBJ landfill.

For purposes of this exemption, curbside recycling refers to the established recycling collection program for traditional recyclable materials such as plastics, cardboard, metal cans, and paper.

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## *Landfill Use*

A Juneau resident is entitled to claim this exemption for personal, non-commercial use of the landfill. To claim this exemption, the resident must hold a Utility Sales Tax Exemption card which must be presented at the time of use.