Essential Food & Utility Exemption Frequently Asked Questions

In the October 2025 municipal election, Juneau voters approved Ballot Measure 2, which proposed the exemption of sales tax on essential food and non-commercial utilities for Juneau residents at their primary place of abode.

1. **When do these exemptions take effect?**
   These measures take effect on **November 20, 2025**.

2. **What all is covered by these new exemptions?**
   The following purchases are now exempt:
   Food **–** Food as defined by the Supplemental Nutrition Assistance Program (SNAP), also known as Food Stamps
   Electricity – Electricity billed at a residential rate is exempt from sales tax
   Heating Fuel – This includes heating oil, propane used for heating, wood and wood heating pellets, and kerosene used for heating
   CBJ Water Utilities – CBJ water and wastewater service billed at a residential rate
   Garbage Collection/Landfill – Curbside garbage and recycling collection billed at a residential rate, and charges for personal use of the landfill.

3. **Do I need to get an exemption card?**
   If you purchase heating fuel at a retail store, such as a bag of wood heating pellets, you will need to present an Essential Utility Exemption card at the time of purchase.

   For essential utilities billed on account, the utility may not require an exemption card.

4. **How do I apply for an Essential Utility Exemption Card?**
   You can apply for an exemption card online or download a copy of the form to complete and return to the CBJ Sales Tax Office. Forms can also be completed in person at City Hall.

5. **How does this impact my Senior Sales Tax Exemptions?**
   While the Senior Sales Tax exemption remains in code at this time, all sales tax exemption benefits received under that program are now available to all Juneau residents. You will no longer need to present your card for essential food exemption purposes. If you purchase heating fuel at a retail store, you will need to continue to present either a Senior Exemption or Essential Utility Exemption card at the time of purchase.

   Your Senior Exemption card can continue to be used as a free bus pass on Capital Transit.

6. **If I no longer need a Senior Sales Tax Exemption card, can I still apply for the Hardship Rebate?**
   At this time, CBJ code requires a Senior Sales Tax Exemption number in order to be eligible to apply for the Senior Sales Tax Hardship Rebate. Please note that this rebate application will not open until March 2026, and things may change between now and then.

7. **Why did I get charged sales tax on my meal at a restaurant? What if I got my food to-go?**
   Based on the SNAP definition of food and the intent of the ballot measure, only foods or food products meant for home consumption qualify for the essential food exemption. Items purchased from restaurants or similar establishments do not qualify because they are considered “ready for immediate consumption,” regardless of where they’re eaten, and are therefore taxable under CBJ Sales Tax Code.

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8. **If I sell both prepared foods for immediate consumption and grocery items for customers to take away, how does sales tax apply?**
   Foods or food products purchased at a restaurant or other similar eating establishment do not qualify for the exemption because they are not intended for home consumption. Such purchases are considered "ready for immediate consumption," regardless of where they are actually consumed, and as such would be subject to the CBJ Sales Tax.

   Some retailers may offer both grocery-type items and prepared foods for immediate consumption, for example, a market with a deli counter, a grocery store with a hot bar, or a café that also sells packaged goods. In these cases, each item must be taxed based on how it is sold:

   - Prepared foods ready for immediate consumption (hot or cold, served to be eaten right away) are taxable.

   - Essential food items meant for home consumption (packaged, uncooked, or otherwise intended to be taken home and prepared/eaten later) are exempt.

   To stay compliant, merchants should clearly distinguish between taxable prepared foods and exempt grocery items on receipts, menus, and point-of-sale systems.

9. **Is my curbside pickup of compost tax-exempt?**
   Composting is a valuable service for our community, but it is not considered curbside recycling under the CBJ code. "Curbside recycling" under this exemption refers to the established recycling collection program for traditional recyclable materials, including plastics, metals, cardboard, and paper. Therefore, composting does not fall within the essential utilities exemption and cannot be treated as exempt.

10. **Is my phone/internet/cable/etc. Service exempt?**
    No. Services not specifically listed as essential utilities, as outlined in Question 1, were not exempt under Ballot Measure 2.

11. **My house is on a septic system; is my septic pump-out tax exempt?**
    No, the language of the ballot measure was specific to CBJ water and sewer and does not exempt any service to septic systems.

12. **Is installation or service of heating/plumbing/electrical systems now tax exempt as well?**
    No, the language of the ballot measure is specific to exempt just the utilities, i.e. the electricity bill, heating oil, propane, etc. It does not extend to include the systems that use those utilities.

13. **I have two heating oil tanks on my property, one that serves my house, the other my garage (or shop or other structure); is the bill to fill both tanks tax exempt?**
    In general, the exemption applies to the residence, not the entire parcel. If the garage has an apartment above it that is not used as a short term rental, then the exemption may apply. If it is just a standalone garage/shop on the property, then probably not.

14. **My HOA pays for my utilities; do I qualify for an exemption?**
    Under CBJ 69.05.040(45), the exemption applies only to essential utilities sold to an individual for non-commercial use at the individual's primary residence. As a result, the exemption does not apply to utility services that are billed to a homeowners association (HOA) rather than to individual unit owners.

When an HOA purchases the utilities, the HOA is the customer of record, not the individual residents. HOA-billed utilities generally serve multiple units or common areas and therefore do not qualify as being “solely for non-commercial use at an individual’s primary residence.”

Only utilities that meet all of the following criteria qualify for the exemption:

- The service is billed directly to an individual resident.
- The utility is used at the resident’s primary residence.
- The service is for non-commercial use.

If individual unit owners receive their own separate utility bills directly from the provider, those accounts qualify for the sales tax exemption.

15. How do I report these exempt sales on my sales tax return form?

All sales, including exempt and non-taxable amounts, must be included in Total Gross Sales (Line 1) of the sales tax return.

Essential food sales should be reported under Exemption Code 44, and essential utilities under Exemption Code 45.

Senior citizen exemptions must continue to be reported under Exemption Code 18.

Please ensure that each exempt amount is listed separately under its corresponding exemption code, so your return accurately reflects both taxable and exempt activity.