



Alaska State Legislature Senate Majority News

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Sen. Huggins Introduces Legislation to Protect State Funded Construction Projects

SB 158 Blocks Imposition of Local Sales Tax on Construction Jobs

(Juneau) – Sen. Charlie Huggins (R – Rural Mat-Su/Chugiak) is pushing legislation to conserve the state’s capital construction budget by shielding subcontractors working on state funded projects from paying local sales taxes.

The legislation was crafted after Sen. Huggins learned that a subcontractor was slapped with a \$20,000 dollar sales tax by a local government for work it performed on the Nome Airport Project.

The subcontractor was hired directly for project’s main contractor, not the state, which was used as justification by the local government to impose the sales tax. That tax was not anticipated in the original bid and was eventually paid by the subcontractor.

Most local governments don’t charge a sales tax on subcontractors working on state funded construction jobs. “This legislation closes the loophole in state law so that never happens again and it means our scarce capital construction dollars are used for what they were intended for,” said Sen. Huggins.

SB 158 will block the imposition of municipal sales and use tax on state construction contracts and certain subcontracts. It has been referred to the Senate Community and Regional Affairs and Finance Committees.

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