

# Alaska Remote Sellers Sales Tax Commission

Third Quarter Update and Overview

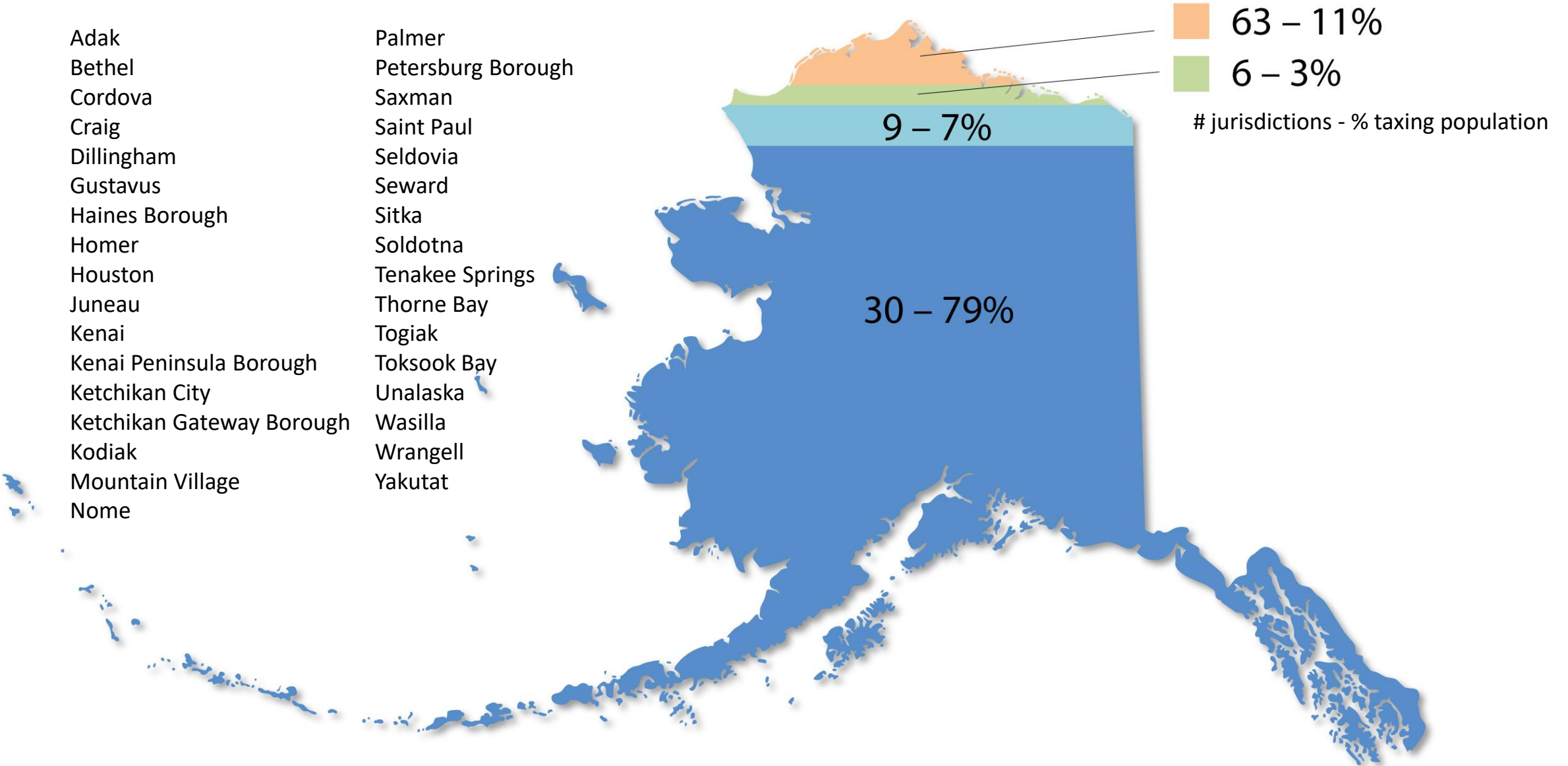
November 10, 2020



# Jurisdictions to Date

- Adak
- Bethel
- Cordova
- Craig
- Dillingham
- Gustavus
- Haines Borough
- Homer
- Houston
- Juneau
- Kenai
- Kenai Peninsula Borough
- Ketchikan City
- Ketchikan Gateway Borough
- Kodiak
- Mountain Village
- Nome

- Palmer
- Petersburg Borough
- Saxman
- Saint Paul
- Seldovia
- Seward
- Sitka
- Soldotna
- Tenakee Springs
- Thorne Bay
- Togiak
- Toksook Bay
- Unalaska
- Wasilla
- Wrangell
- Yakutat



# Jurisdictions

- ✓ 108 taxing communities in Alaska
  - 32% of Alaska's population*
- ✓ 33 communities across Alaska have adopted the Uniform Code
  - 83% of taxing population*
- ✓ 6 other communities have joined the Commission and are working towards adopting the Uniform Code
  - 3% of taxing population*
- ✓ 6 communities ARSSTC is targeting to join the Commission by end of year
  - 2% of taxing population*
- ✓ 63 communities ARSSTC is targeting to join the Commission by end of 2021
  - 11% of taxing population*

# Sellers

**Total Sellers to Date: 654**

- November: 7
- October: 79
- September: 69
- August: 75
- July: 92
- June: 74
- May: 68
- April: 59
- March: 117
- February: 14



# Top Sellers

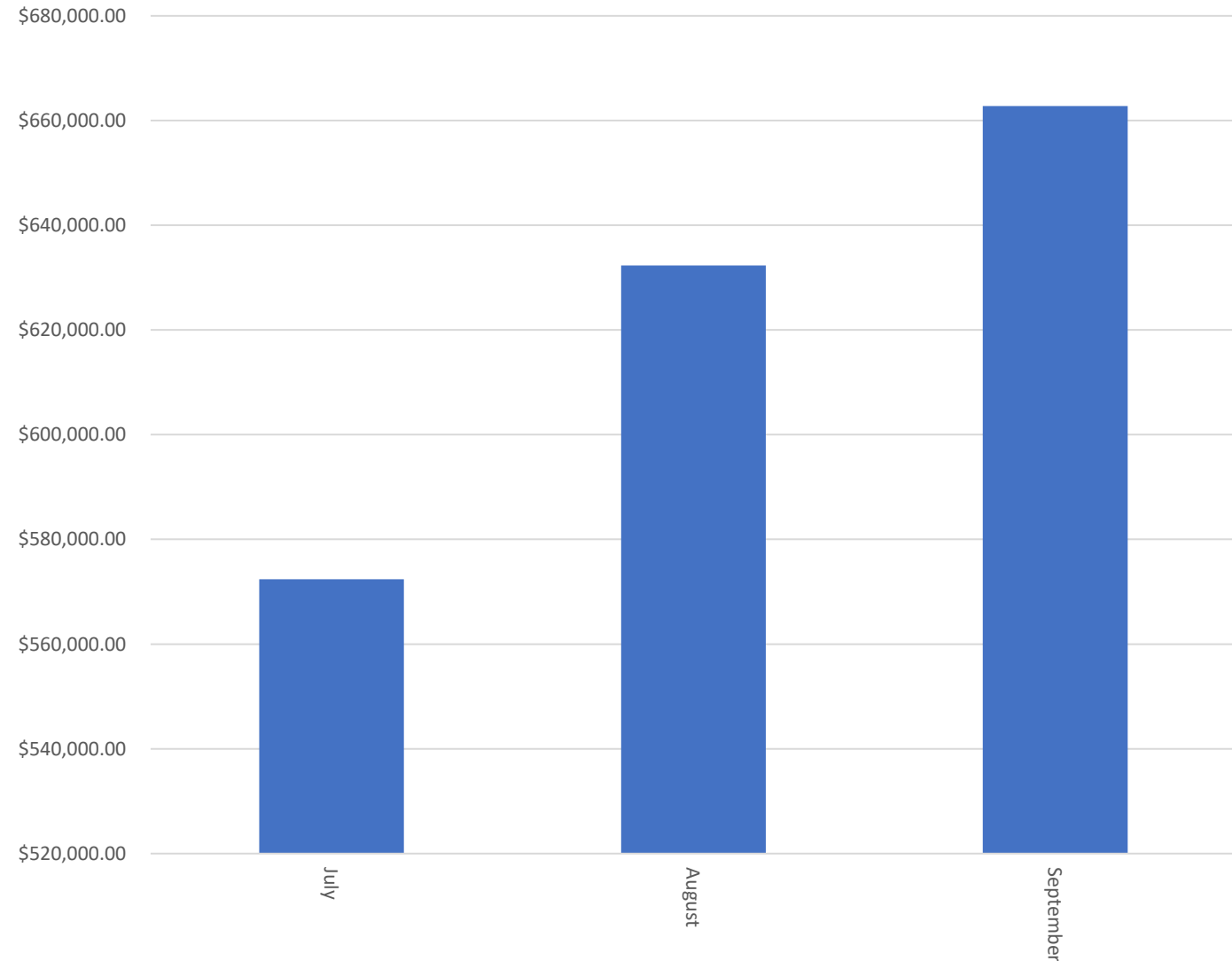
1. Amazon.com Services LLC (MPF)
2. Microsoft Corporation
3. Poshmark, Inc.
4. Nordstrom, Inc.
5. Recreational Equipment Inc.
6. BestBuy.com LLC
7. T Bailey Inc.
8. Henry Schein Inc.
9. Zulilly, LLC
10. Zappos.com, LLC
11. Target Corporation
12. DoTerra International, LLC
13. ContextLogic Inc.
14. QVC Inc.
15. Kohl's
16. Thermal Supply Inc.
17. L.L.Bean Inc.
18. Beachbody, LLC
19. Vivant Inc.
20. Plexus Worldwide, LLC

# Tax Revenue

2020Q3 Collected Funds

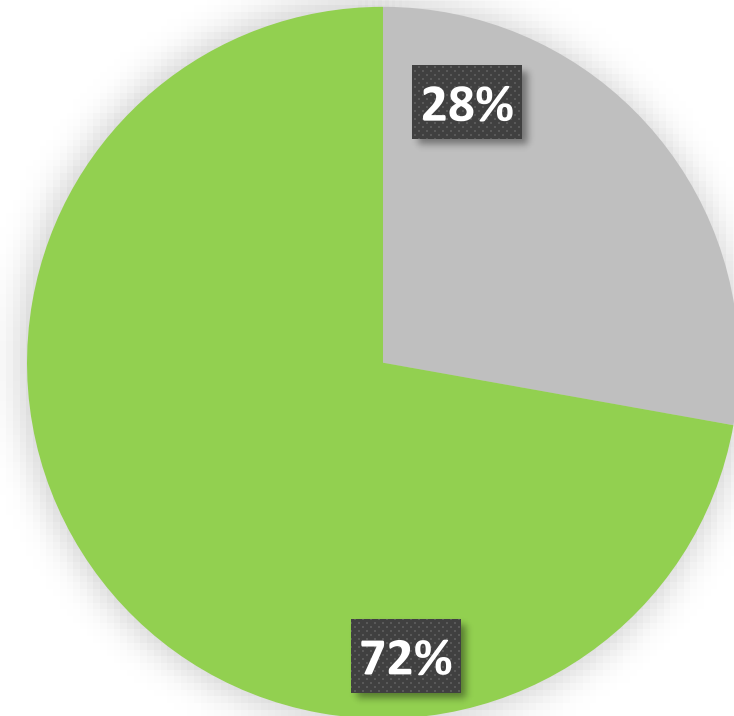
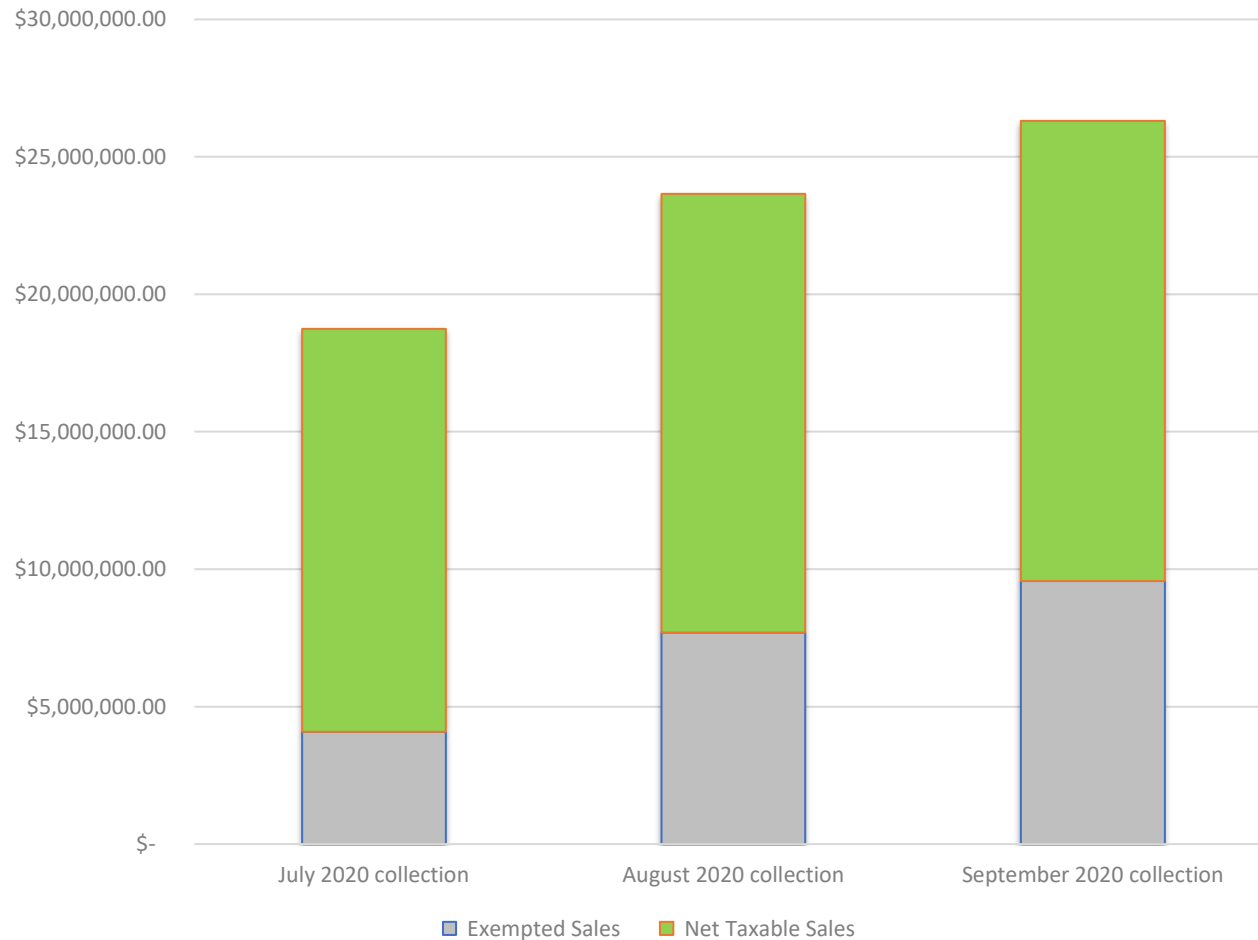
## Tax Revenue

- July 2020: \$572,368
- August 2020: \$632,326
- September 2020: 662,780





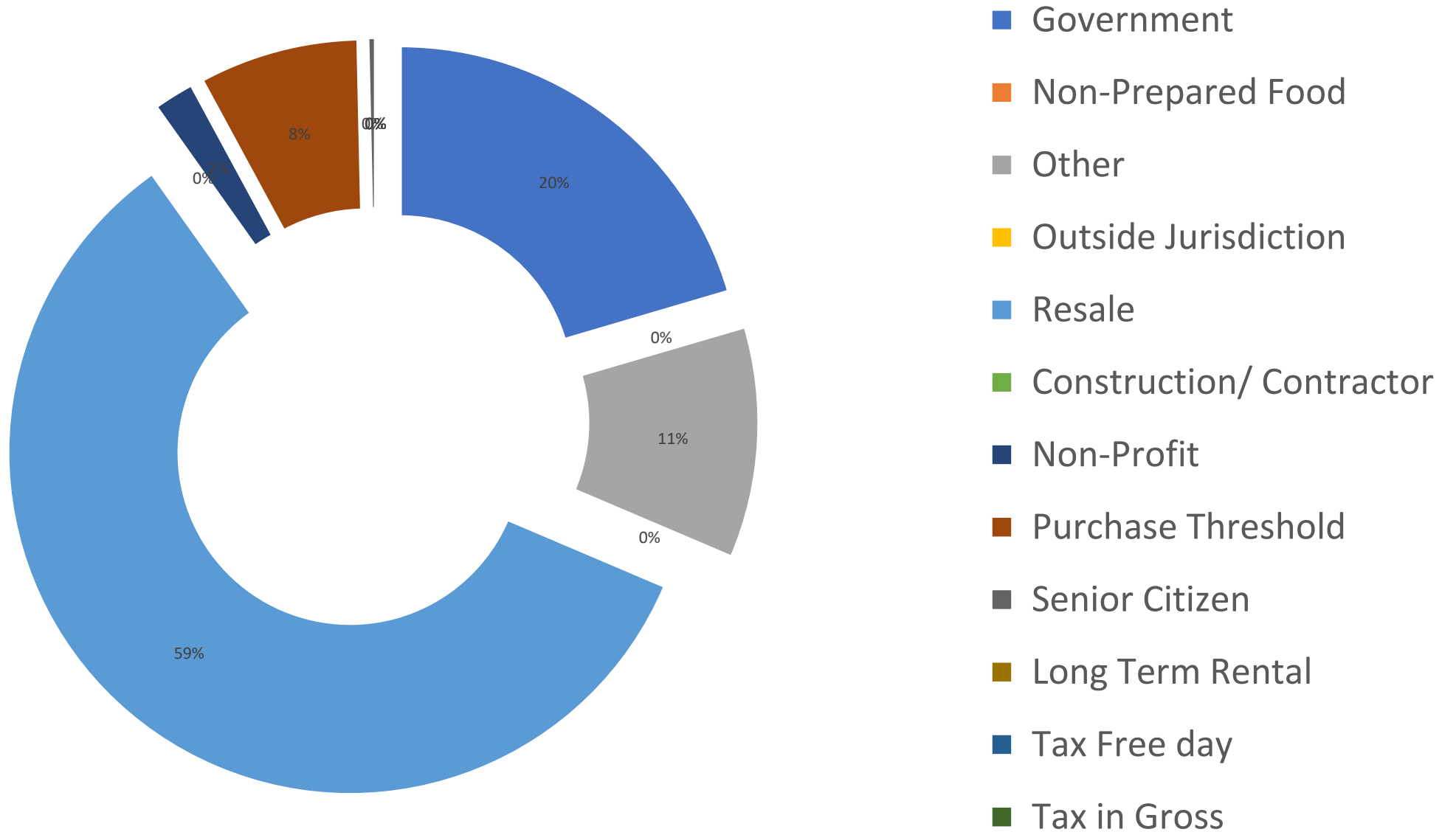
# Exempted and Net Remote Sales



■ Exempted Sales    ■ Net Taxable Sales



# Exemption Breakdown



# FY20 Outcomes

# Program Successes

- Continually adding sellers
- Have almost 80% of taxing population covered
- Clarification on questions from sellers
- Establish remote seller resale certificate
- Successful deployment of API code for multiple sellers
- TTR tax map continually upgraded with information (play TTR video)
- MuniRevs system continually upgraded with functionality

# Program Challenges

- Reporting
- Amended returns and overpayments
  - Buyer to be refunded by jurisdiction or seller?
- Shipping/Sourcing of product to determine tax
- Separation of revenue streams for physical versus remote
- Exemption certificate management
- Rock Auto
- Outreach to remote sellers
- Resistance by remote sellers to register and collect
- Sales to buyers outside jurisdiction but inside the zip code
- Sales tax on shipping varies by communities
- \$0 filings

# Program Goals for 2021

- Physical presence filing through MuniRevs
- Target Alaskan remote seller businesses
  - Need to clarify sourcing question first
  - Economic threshold based only on remote sales
- Exemption certificate application library
- Alcohol and tobacco taxes
- Small business CSPs contracts
- Registration and compliance of major retailers

# FY21 Projections

# Policy Committee

- Maureen Graham – City of Wasilla Sales Tax Auditor
- Melissa Haley – City of Sitka
- Julie Liew – City of Kodiak Finance Director
- Lauri Lingafelt – Kenai Peninsula Borough Sales Tax & Accounting Supervisor
- Clinton Singletary – City of Juneau Sales Tax Administrator
- Karl Kaufman – Landye Bennett Blumstein Attorney

# Policy Committee

- AMSTP staff compile questions from sellers regarding compliance of the Uniform Code
- AMSTP staff present questions to Policy Committee who discuss and determine an interpretation of the issue
- The interpretation is presented to the ARSSTC Board for review
- ARSSTC Board will either approve the interpretation or send it back to the Policy Committee for further work
- Interpretations will be posted on ARSSTC website



# Policy Committee Interpretations

| Number  | Title   | Status                       | Board Approval       |
|---------|---|------------------------------|----------------------|
| 2020.01 | Sales Tax for Installment Payments of a Product   | Approved                     | 3.18.2020            |
| 2020.02 | Sales Tax Cap for Service Payments over Multiple Invoices   | Approved                     | 3.18.2020            |
| 2020.03 | Establishing Economic Nexus for Out of State Sellers  | Approved                     | 3.18.2020            |
| 2020.04 | Establishing Registration Requirements for In-State Sellers   | Approved                     | 3.18.2020            |
| 2020.05 | Freight Forward From Out of State   | <del>Approved</del>          | <del>3.18.2020</del> |
|         | Policy Committee requested re-review of 2020.05   |                              |                      |
| 2020.06 | Multi-Level Marketing Independent Sales Representative as Physical Presence                             | Approved                     | 6.18.2020            |
| 2020.07 | Clarifying Physical Presence with Regards to .com/E-Commerce and Associated Brick and Mortar Businesses | Approved                     | 6.18.2020            |
| 2020.08 | Clarifying Physical Presence with Regards to Rental Equipment and Services                              | Returned to Policy Committee |                      |
| 2020.09 | Who is Responsible for Issuing Remote Seller Resale Certificates?                                       | Returned to Policy Committee |                      |
| 2020.10 | Who is Responsible for Issuing Entity-Based Exemption Certificates?                                     | Approved                     | 6.18.2020            |
| 2020.11 | Threshold Determination for Alaska-Based Businesses   | Approved                     | 6.18.2020            |
| 2020.12 | In-Transit Funds  | Approved                     | 6.18.2020            |

# Policy Committee Issues

- Delivery/Sourcing/FOB and remote seller status
- Sporadic physical presence
- Determining transactions as in-town service or delivered goods
- Audit request criteria and process

# Questions?

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- Dawn Wesley, AMSTP Program Manager  
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