

Alaska Remote Seller Sales Tax Commission (ARSSTC)

Membership Update

November 17, 2021





Member Jurisdictions as of November 2021

City of Adak	City and Borough of Juneau	City of Saxman
City of Aleknagik	City of Kake	City of Selawik
Municipality of Anchorage <i>(Liquor tax only)</i>	Kenai Peninsula Borough	City of Seldovia
City of Aniak	City of Kenai	City of Seward
City of Bethel	Ketchikan Gateway Borough	City of Shungnak
City of Chevak	City of Ketchikan	City and Borough of Sitka
City of Cordova	City of Kodiak	City of Soldotna
City of Craig	City of Kotzebue	City of Tenakee Springs
City of Dillingham	City of Mountain Village	City of Thorne Bay
City of Elim	City of Nenana	City of Togiak
City of Gustavus	City of Nome	City of Toksook Bay
Haines Borough	City of North Pole	City of Unalaska
City of Homer	City of Ouzinkie	City of Wasilla
City of Hoonah	City of Palmer	City and Borough of Wrangell
City of Houston	Petersburg Borough	City and Borough of Yakutat
	City of Saint Paul	

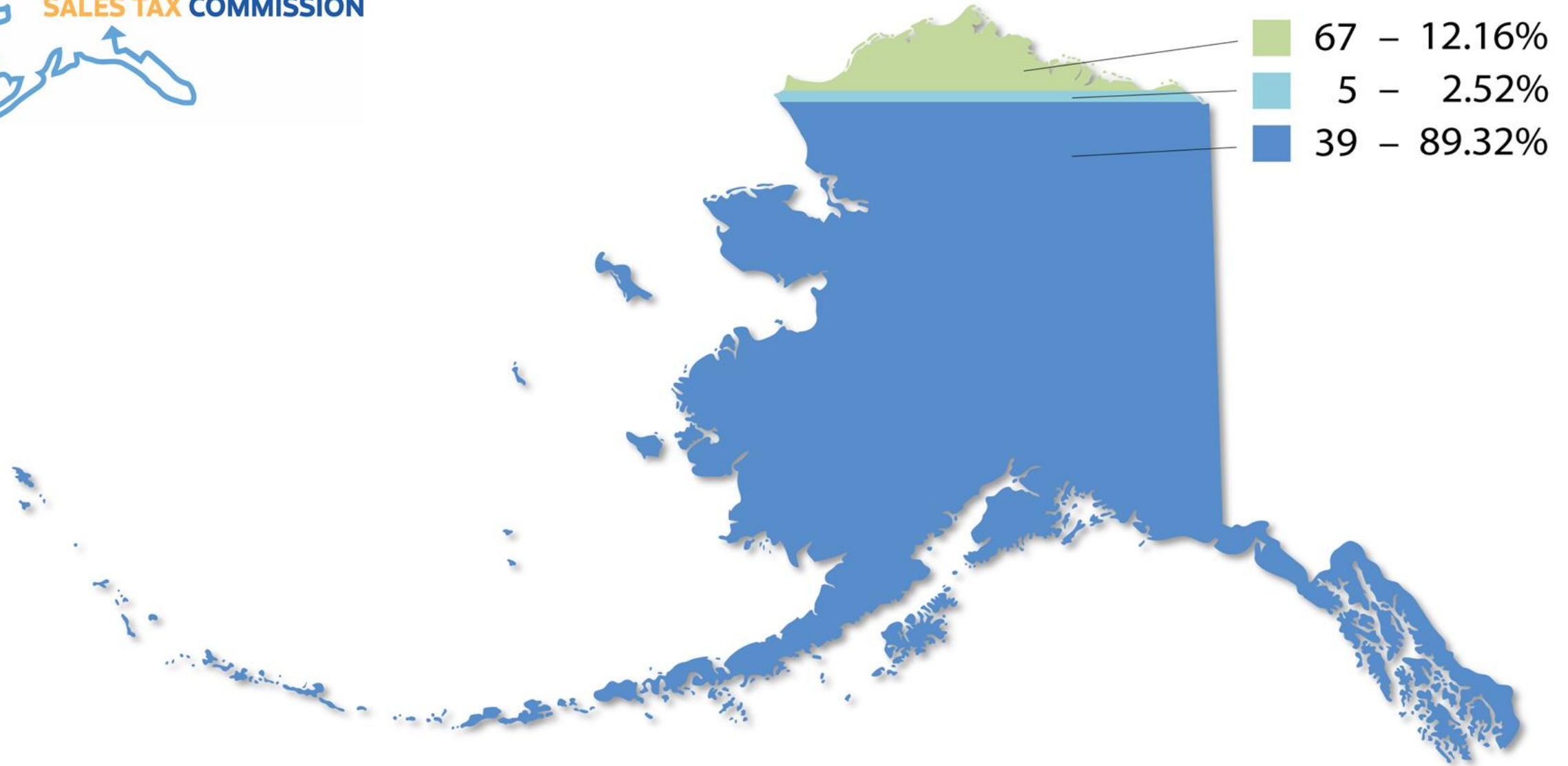


Municipality Breakdown

- ✓ 113 taxing communities in Alaska
32% of Alaska's population
- ✓ 39 communities across Alaska have adopted the Uniform Code
85% of taxing population
- ✓ 6 other communities have joined the Commission and are working towards adopting the Uniform Code
3% of taxing population
- ✓ 5 communities ARSSTC is targeting to join the Commission by end of year
2% of taxing population
- ✓ 62 communities ARSSTC remaining to join the Commission
11% of taxing population



Municipalities to Date





Seller Registration Trends

- Registered businesses from 2020: 701
- Registered businesses from 2021: 690

1,391 Active registered remote sellers





Example Registered Remote Sellers

- Amazon.com Marketplace
- Apple, Inc
- Etsy Inc
- Target Corporation
- Recreational Equipment Inc
- BestBuy.com LLC
- Spenard Builders Supply LLC
- Nordstrom, Inc
- Nike Retail Services Inc
- Backcountry.com, LLC
- Bass Pro / Cabela's
- Old Navy, LLC
- L.L.Bean, Inc
- eBay Inc
- Zoom Video Communications Inc
- Walmart.com USA LLC



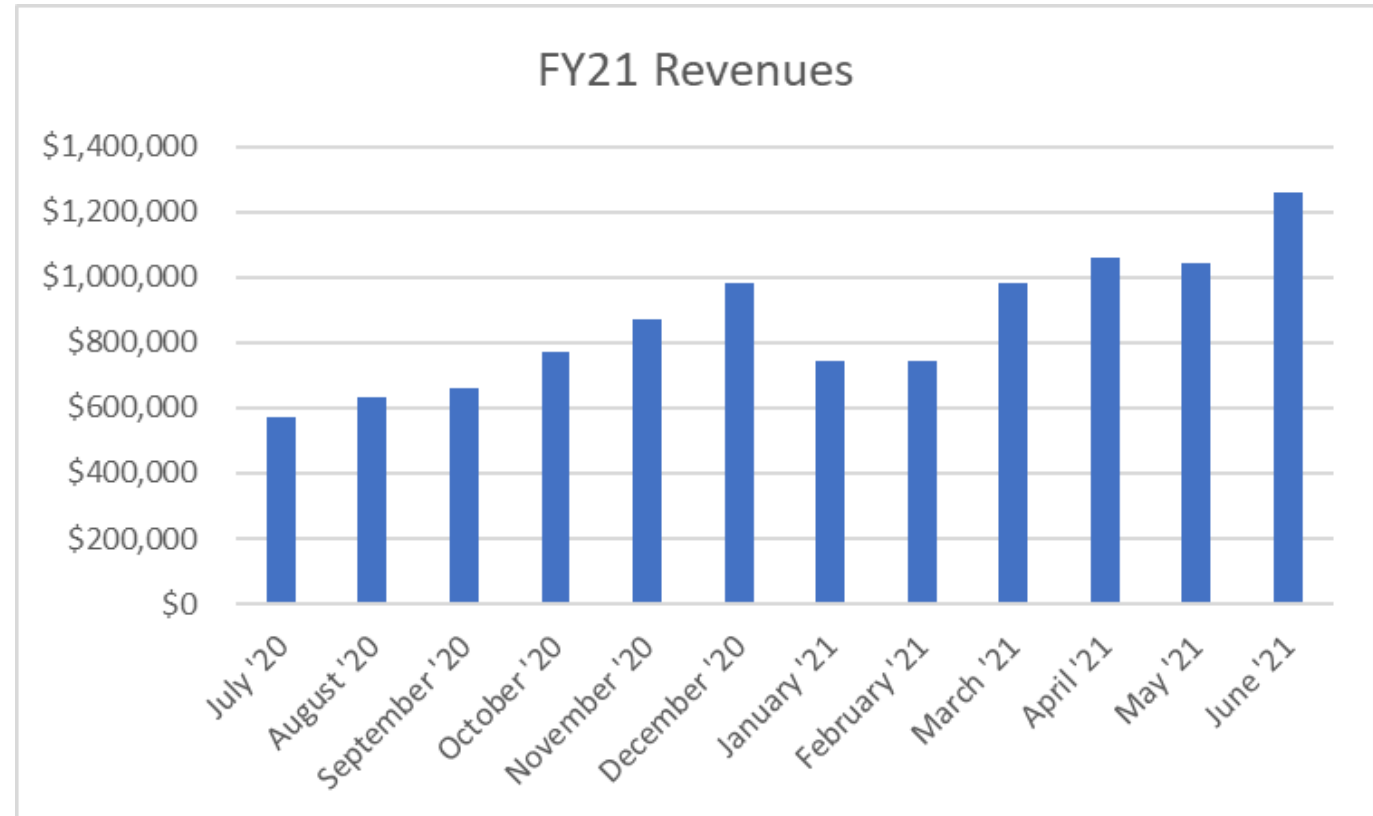
Top Sellers for 2021Q3

1. Amazon.com Services LLC (MPF)
2. Apple, Inc.
3. Etsy Inc.
4. Microsoft Corporation
5. Target Corporation
6. Ash Grove Cement Company
7. Nordstrom, Inc.
8. Recreational Equipment, Inc.
9. Clipper Oil Inc.
10. Sysco Seattle Inc.
11. Nike Retail Services, Inc.
12. Spenard Builders Supply, LLC
13. BestBuy.com, LLC
14. BPS Direct, LLC
15. Poshmark, Inc.
16. US Foods Inc
17. Zappos.com, LLC
18. Backcountry.com, LLC
19. Thermal Supply, Inc.
20. Old Navy, LLC



FY21 Revenue Trend

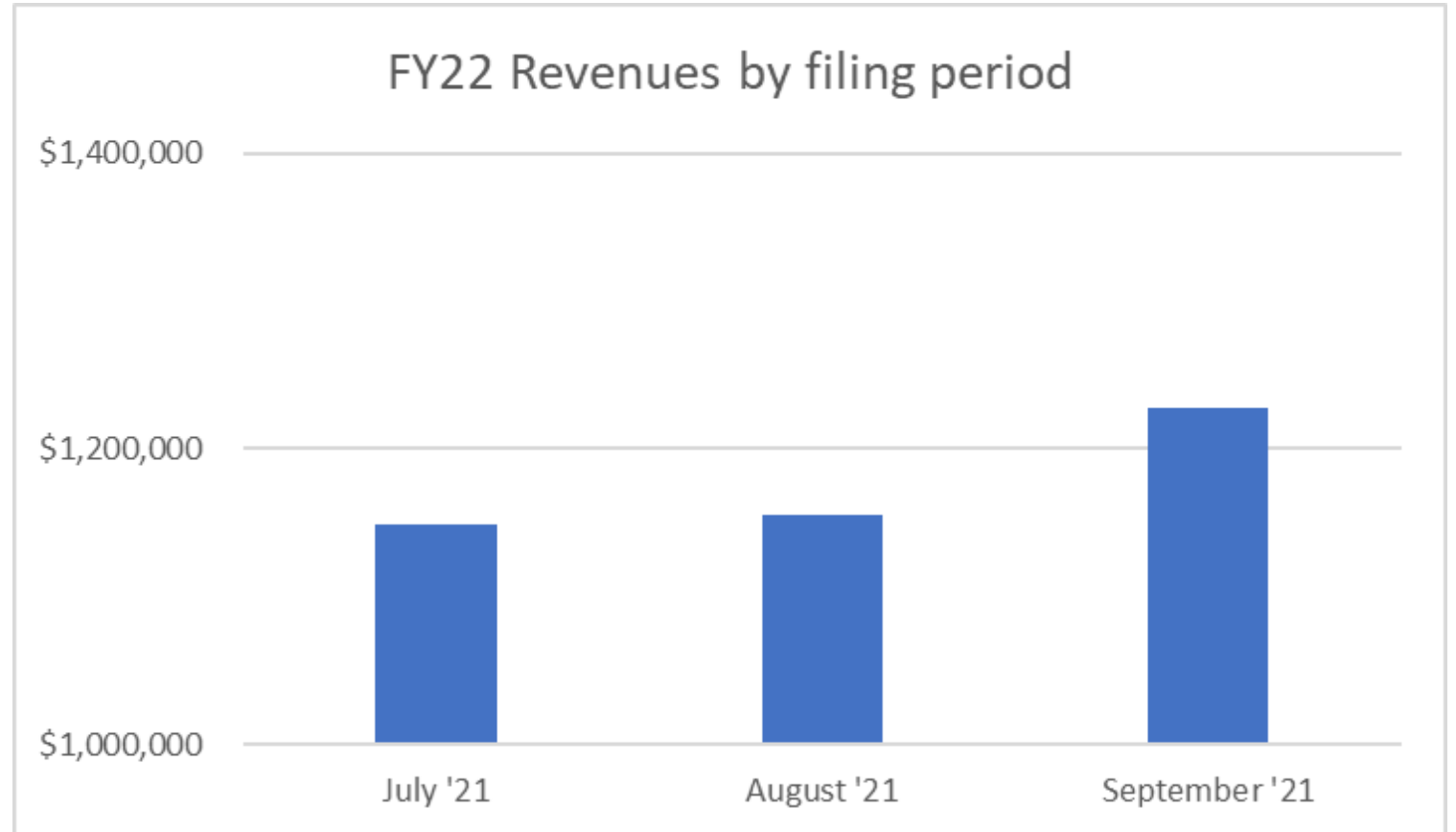
- For FY21, the Commission met and exceeded its budget estimate of \$10 million in revenues.
- Total FY21 revenues ended up at \$10,326,447
- The steady growth in revenues was driven primarily by the growth in registered sellers.
- Adding member jurisdictions also contributed to overall revenue growth.





- For FY22, the Commission is on target to meet its budget estimate of \$14 million in revenues.
- To date for FY22, just over \$3.5 million has been collected.
- We are expecting continued registration growth along with new member jurisdiction participation.

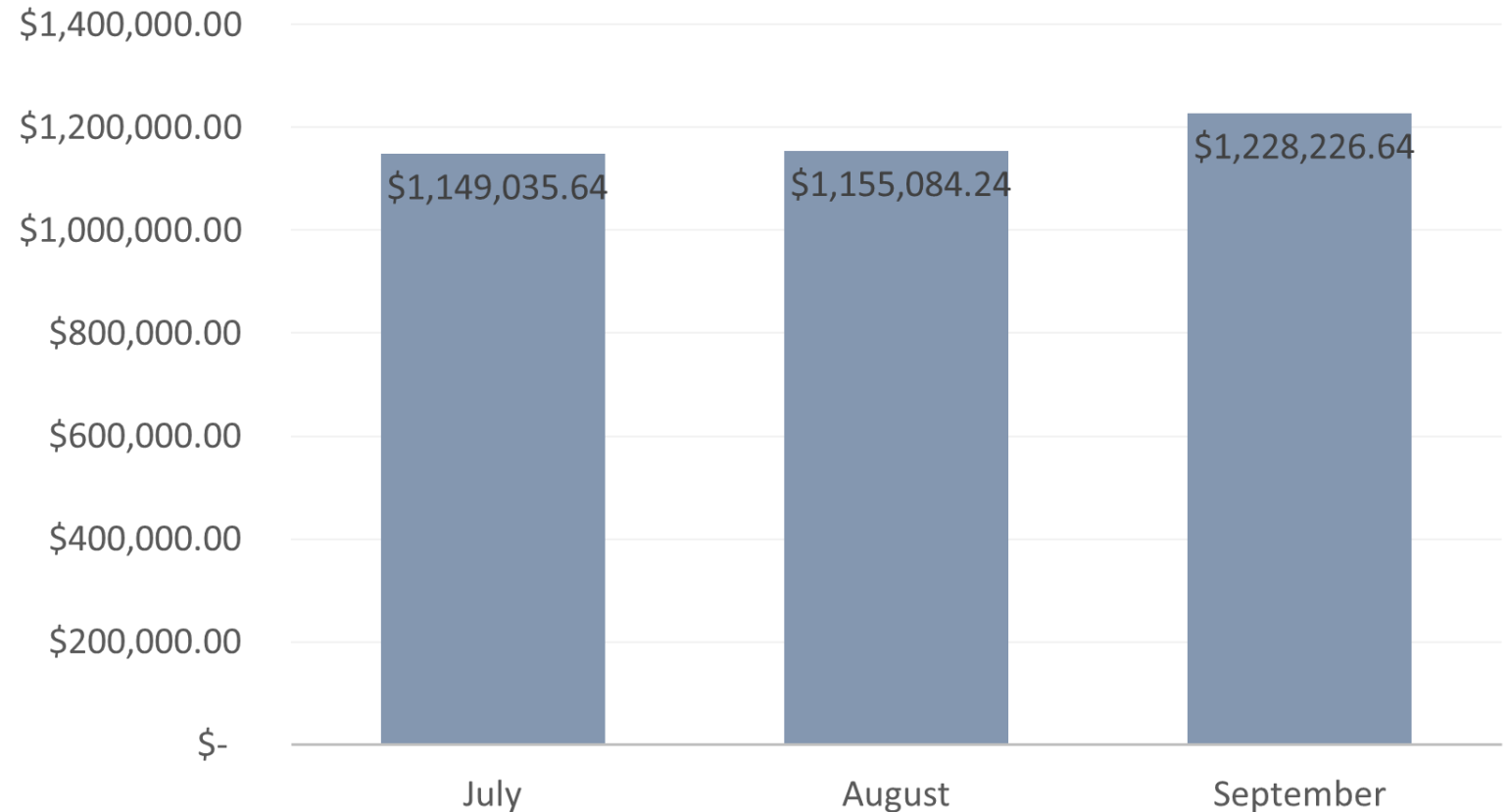
Revenue Trends



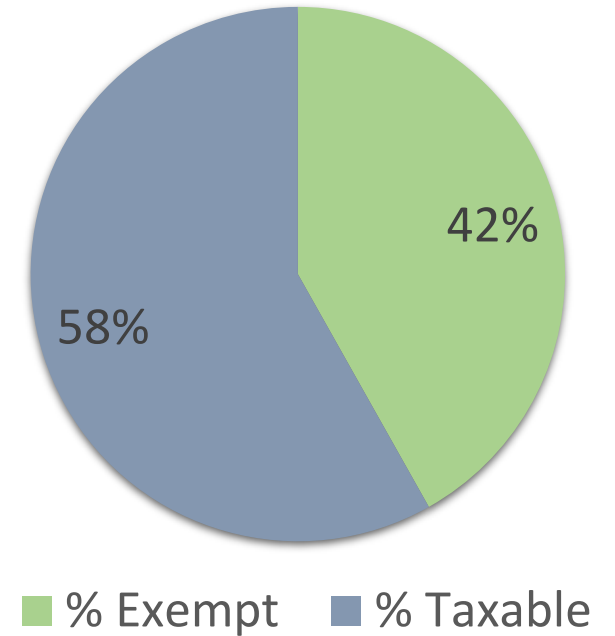
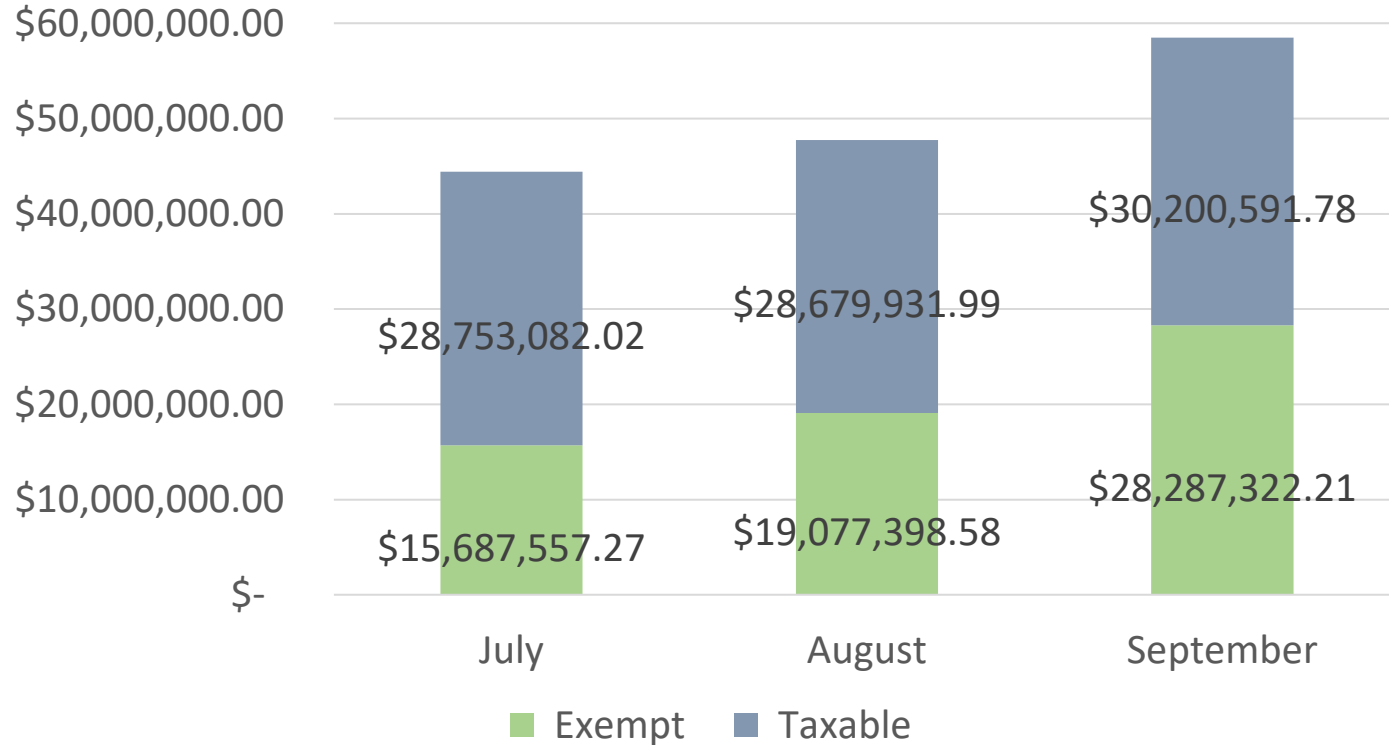


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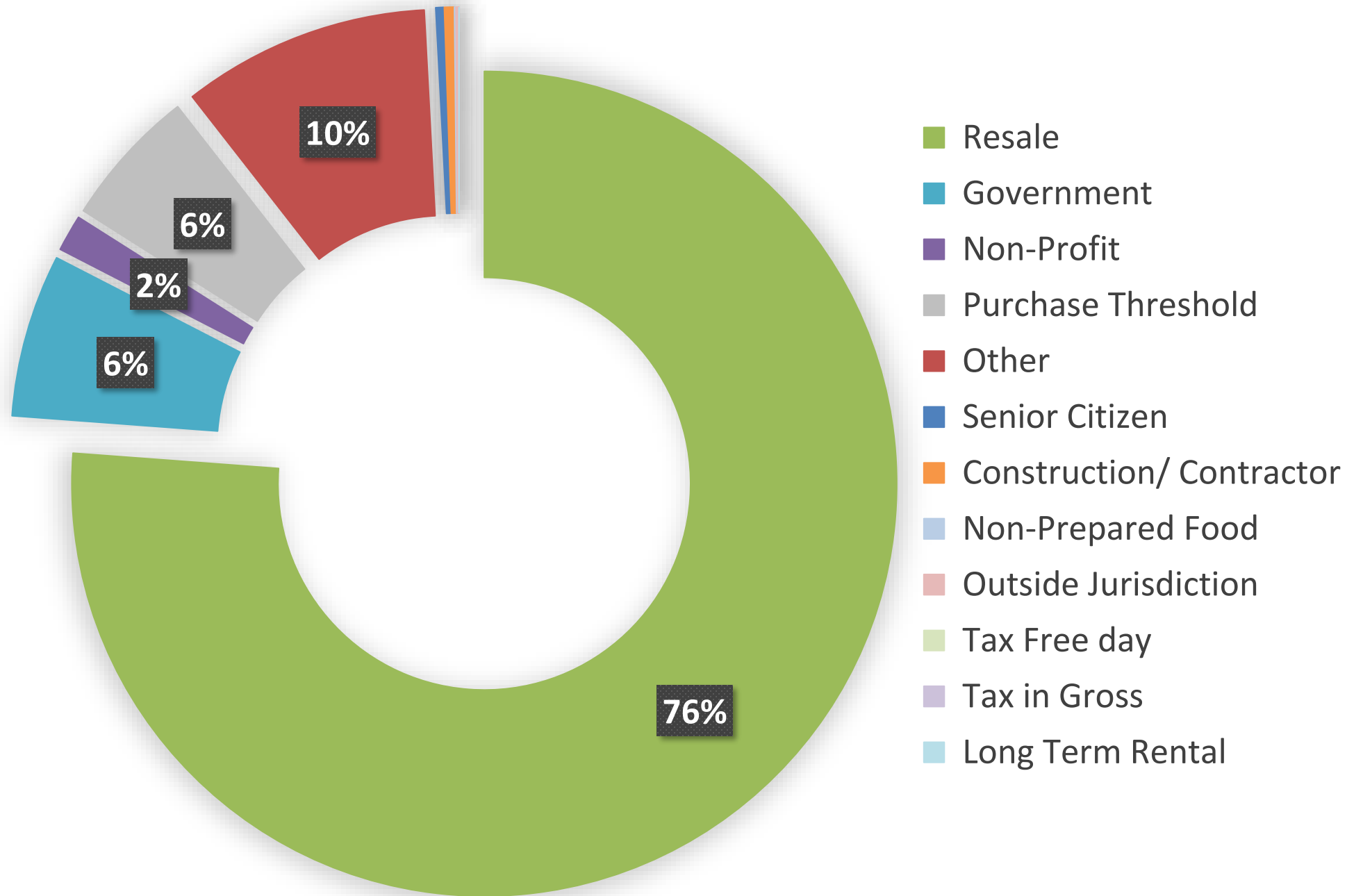
FY22 Revenue Trends



2021Q3 Exempt versus Net Taxable (by filing period)

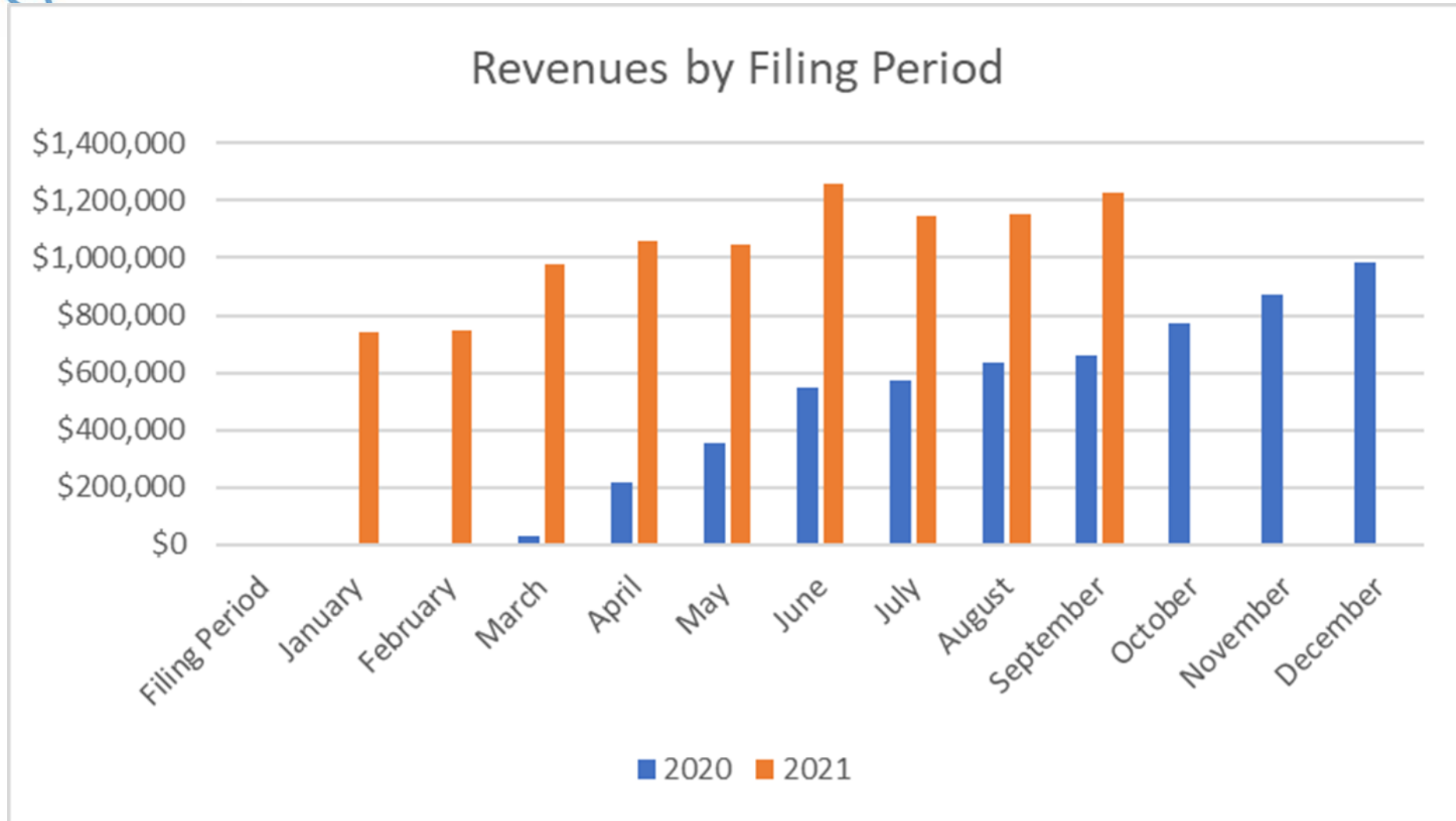


2021Q3 Sales Tax Exemption Breakdown





Revenue Trends - Historical



2021 Program Updates

Program Updates

- Successful FY21 audit of ARSSTC
 - Recommendations from report have been implemented.
- Seller registration continues to see positive growth
 - Over 1,400 sellers registered to date
 - RockAuto resumed sales into taxing communities (July 2021)
 - Notable sellers registered in 2021Q3 include eBay (will start collection November 2021), LFS, Intuit Inc., Joann.com, Men's Wearhouse, Michaels Stores, Nestle Purina, Nestle USA, Title 9 Sports
- Monthly revenues over \$1,000,000 for the last six months.
- Numerous Interpretations were developed or revised.

2021 Program Updates

Program Updates - Interpretations

- New Interpretations:
 - 2021.01 – Shipping charges
 - Specifies that shipping & handling charges on remote sales are subject to sales tax.
 - 2021.02 – Sporadic Physical Presence
 - Clarifies filing requirements for remote sellers who periodically establish physical presence in a member jurisdiction.
 - 2021.03 – Digital Goods & Services
 - Specifies and defines digital goods & services that are subject to sales tax as remote sales.
 - 2021.04 – Sales Price
 - Outlines and clarifies which charges are considered part of the sales price, subject to sales tax.

2021 Program Updates

Program Updates - Interpretations

- Revised Interpretations:
 - 2020.08 – Rentals of Tangible & Intangible Personal Property
 - Clarifies reporting requirements for sellers who rent or lease property located in a member jurisdiction.
 - 2020.05 – Sourcing of Goods
 - Clarifies how to identify the point of delivery for sales of goods shipped to customers in Alaska.
 - 2020.10 – Entity based Exemption Certificates
 - Provides guidance to remote sellers around exemptions certificates that may or may not be issued by member jurisdictions .

2021 Program Updates

TTR Updates

- Working with new jurisdiction members to create accurate exemption matrices for use by remote sellers
- Working to address ZIP+4 challenges
 - Not all ZIP codes in AK have a +4 that coincides with municipal boundaries
 - Continuing outreach to USPS for solutions
 - Looking to create +4 internal to TTR and applying to large sellers

2021 Program Updates

GovOS Updates

- MUNIRevs was acquired by GovOS in August 2021
 - No longer using MUNIRevs name, will keep munirevs.com domain names active
- Amended Return Module
 - Allows remote sellers to submit amended returns in the portal.
 - AML staff then approve or deny amended returns as appropriate.
 - System generates balance due or credit balance to be paid / used by remote seller.
 - Effect of amended returns occurs in month when they were approved and do not adjust reporting for original filing periods.

Ongoing Challenges

- Remote sellers calculating tax based on ZIP code or ZIP+4
 - As previously discussed, TTR has possible solution that is still being developed and vetted.
- Documentation of exemption certificates by remote sellers
 - Interpretation 2020.10 recently updated to address challenge for remote sellers.
- Remote seller registration outreach
 - Initial outreach efforts by Commission in early 2020 were complicated by COVID-19 protocols by businesses.
 - Continuing COVID-19 protocols still creating challenges in getting registration notices to the right people.
- Growing Commission Membership
 - Progress in adding municipalities to the Commission has been slower than expected.



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Questions?
