

Alaska Remote Seller Sales Tax Commission

2nd Quarter 2022 Update and Overview

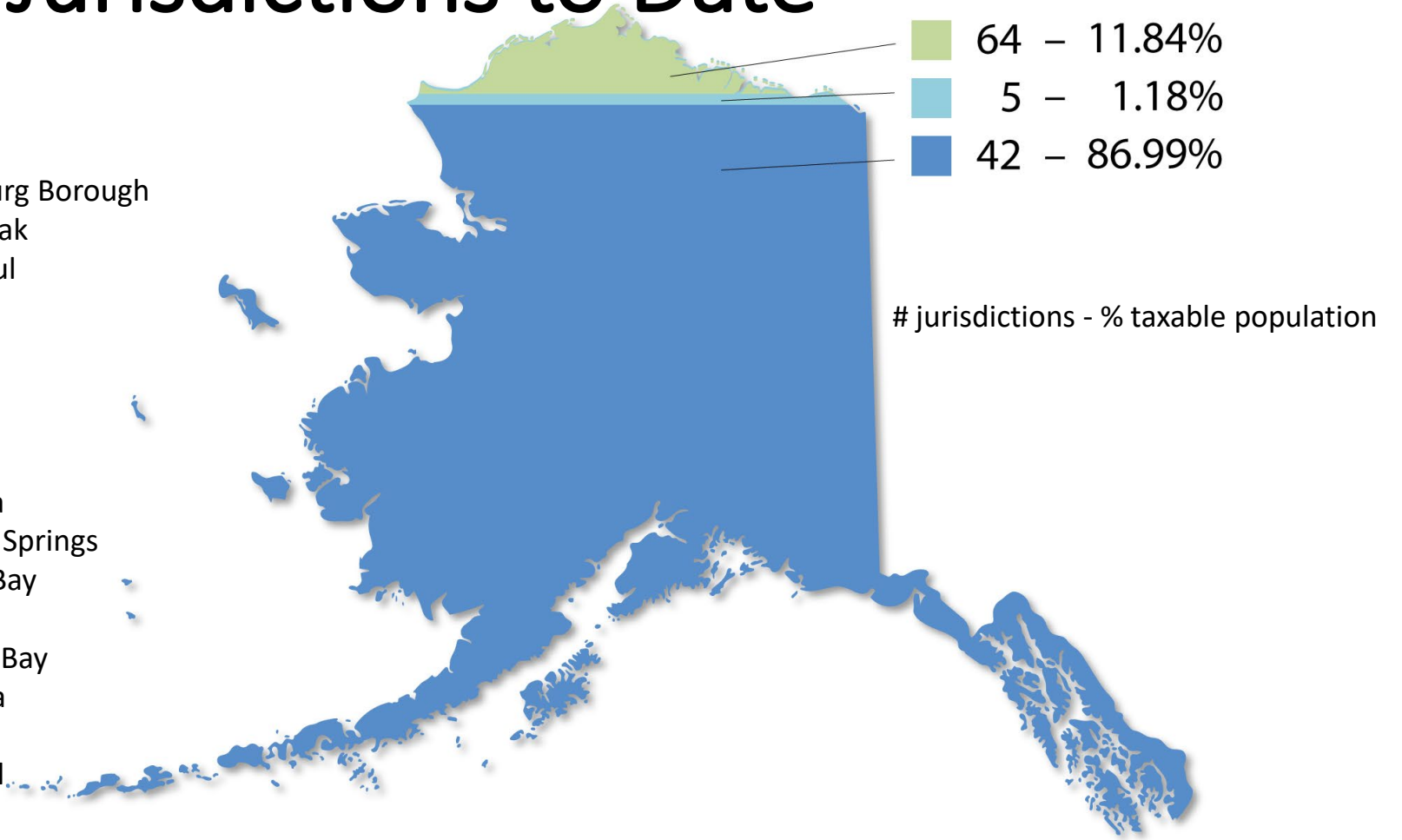
August 25, 2022



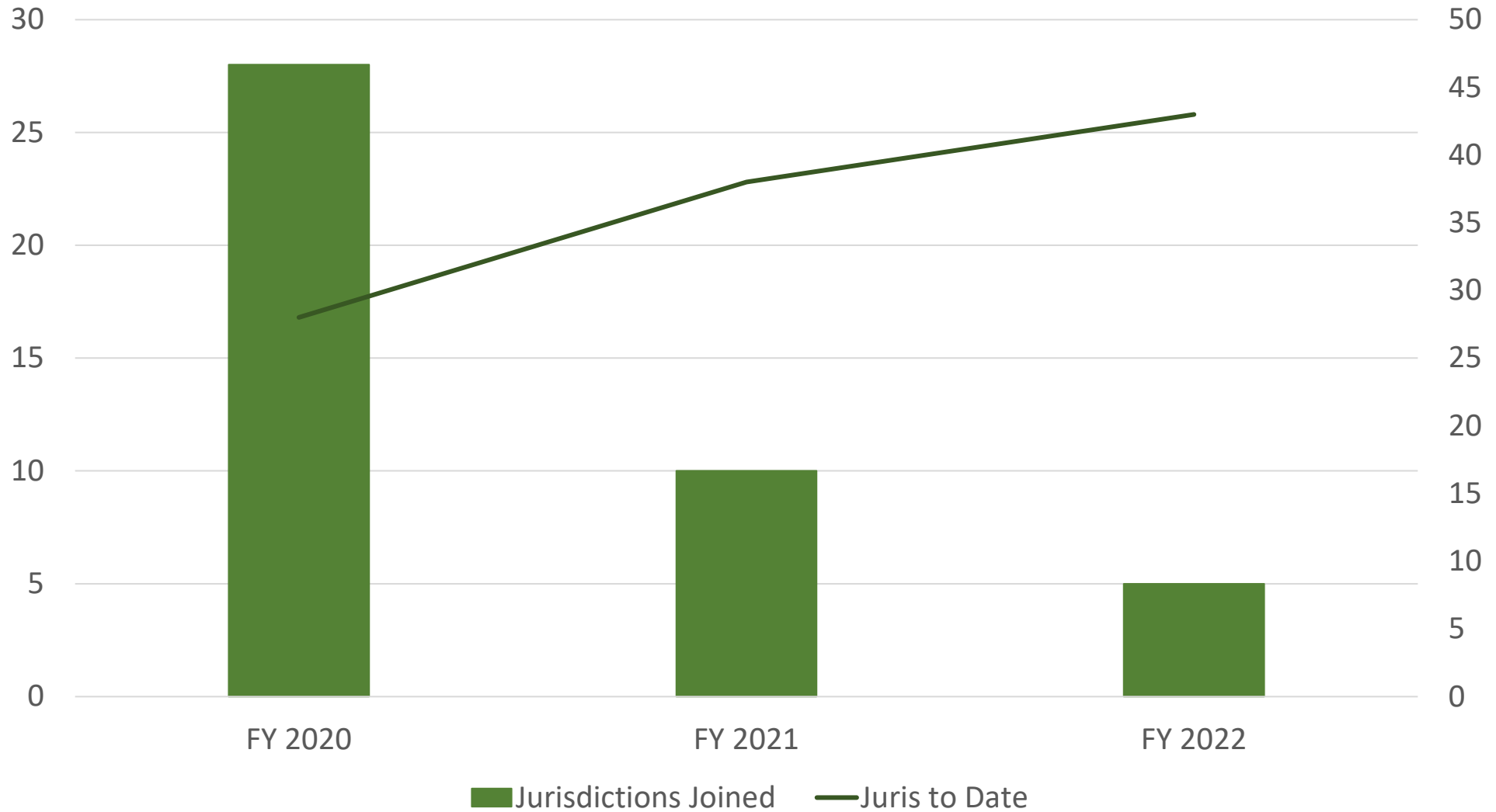
Jurisdictions to Date

- Adak
- Aleknagik
- Anchorage (alcoholic beverage tax only)
- Aniak
- Bethel (retail and alcoholic beverage)
- Cordova
- Craig (retail and alcoholic beverage)
- Dillingham (retail and alcoholic beverage)
- Gustavus
- Haines Borough
- Homer
- Houston
- Juneau (retail and alcoholic beverage)
- Kenai City
- Kenai Peninsula Borough
- Ketchikan City
- Ketchikan Gateway Borough
- Kodiak
- Kotzebue (retail and alcoholic beverage)
- Mountain Village
- Nenana
- Nome
- North Pole (retail and alcoholic beverage)

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



Member Jurisdictions Over the Years



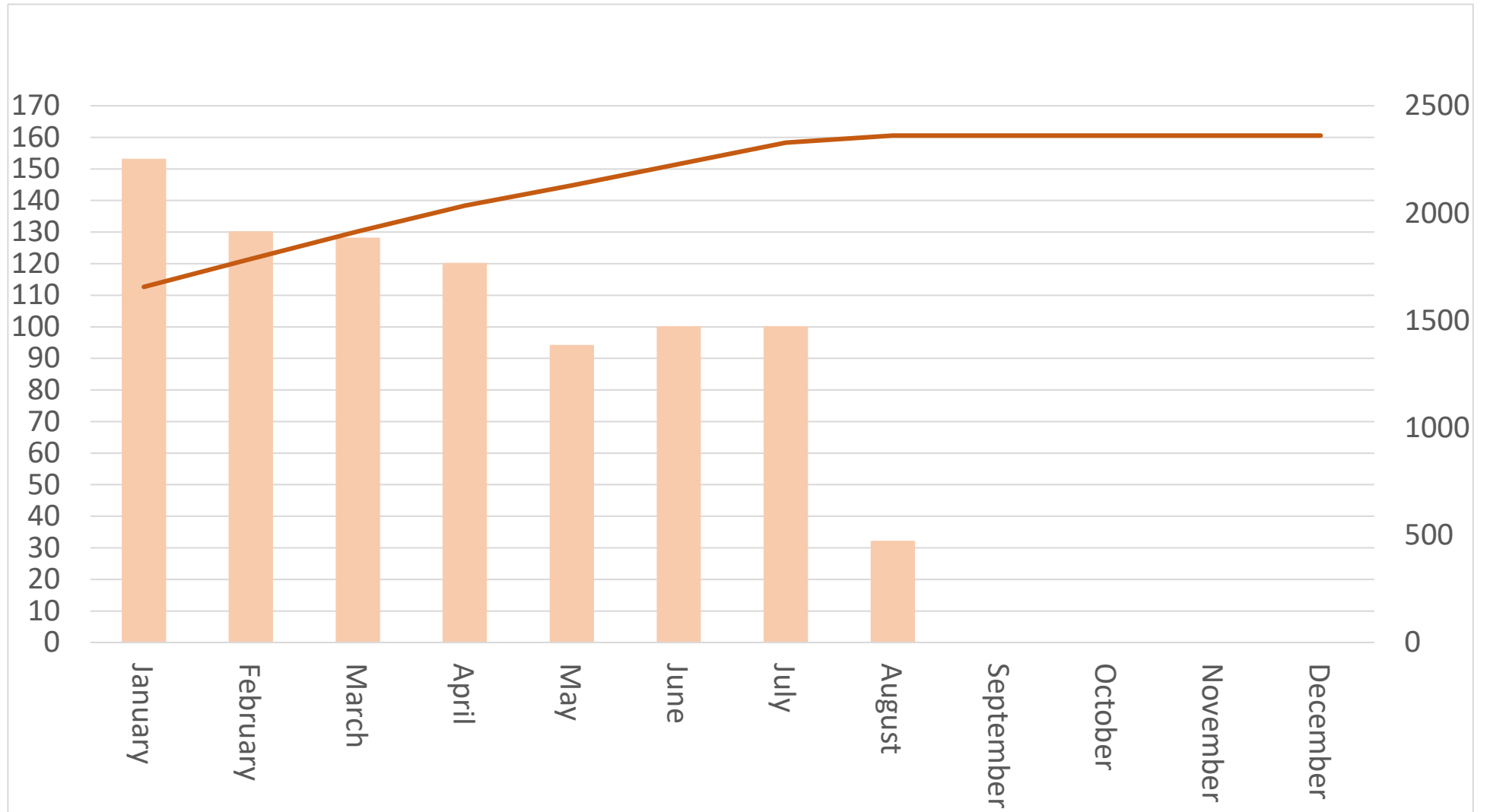
2022 Registered Sellers

2022 to Date: 857

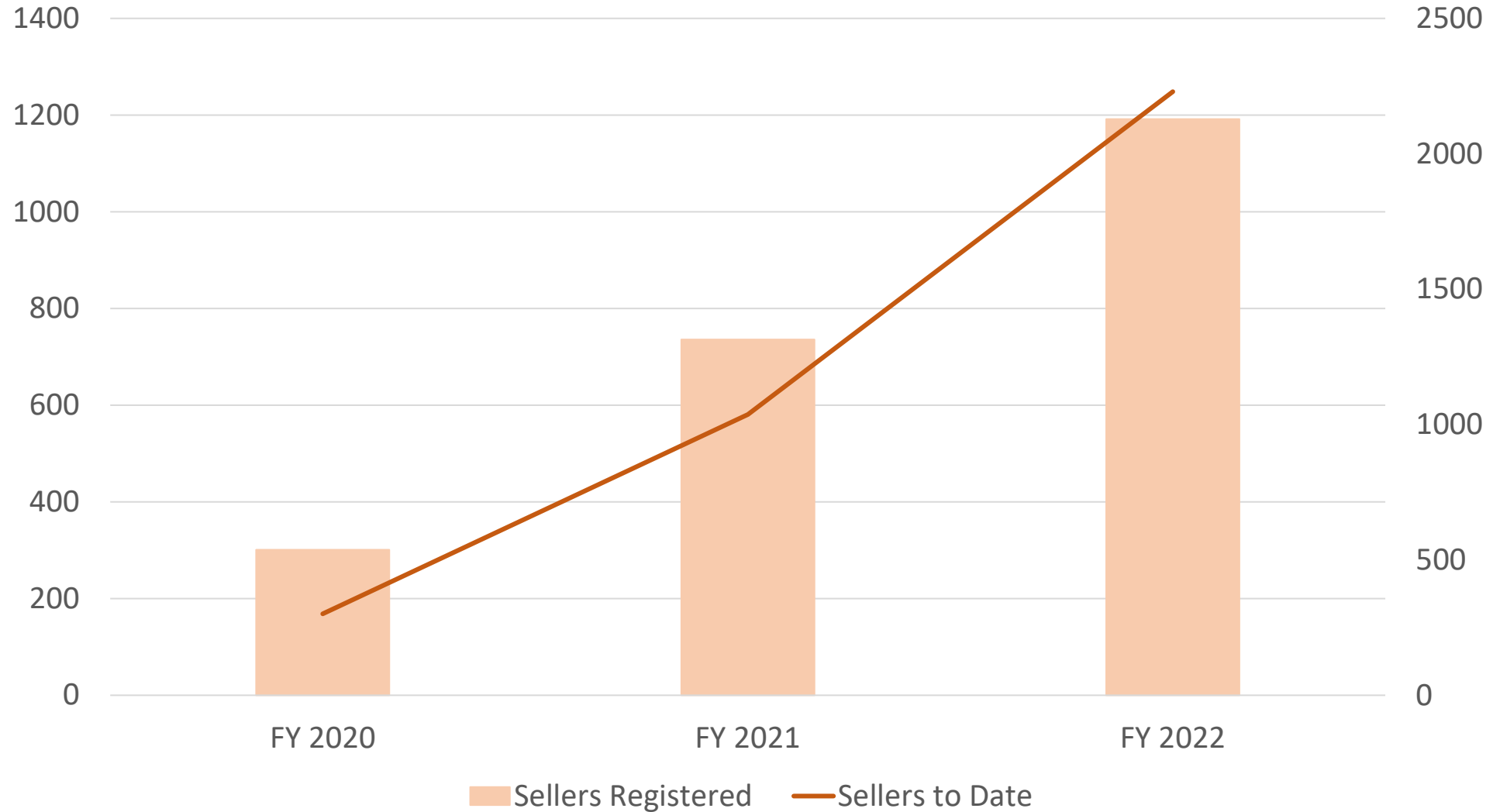
2021 Total: 833

2020 Total: 671

*= 2361 registered
sellers*



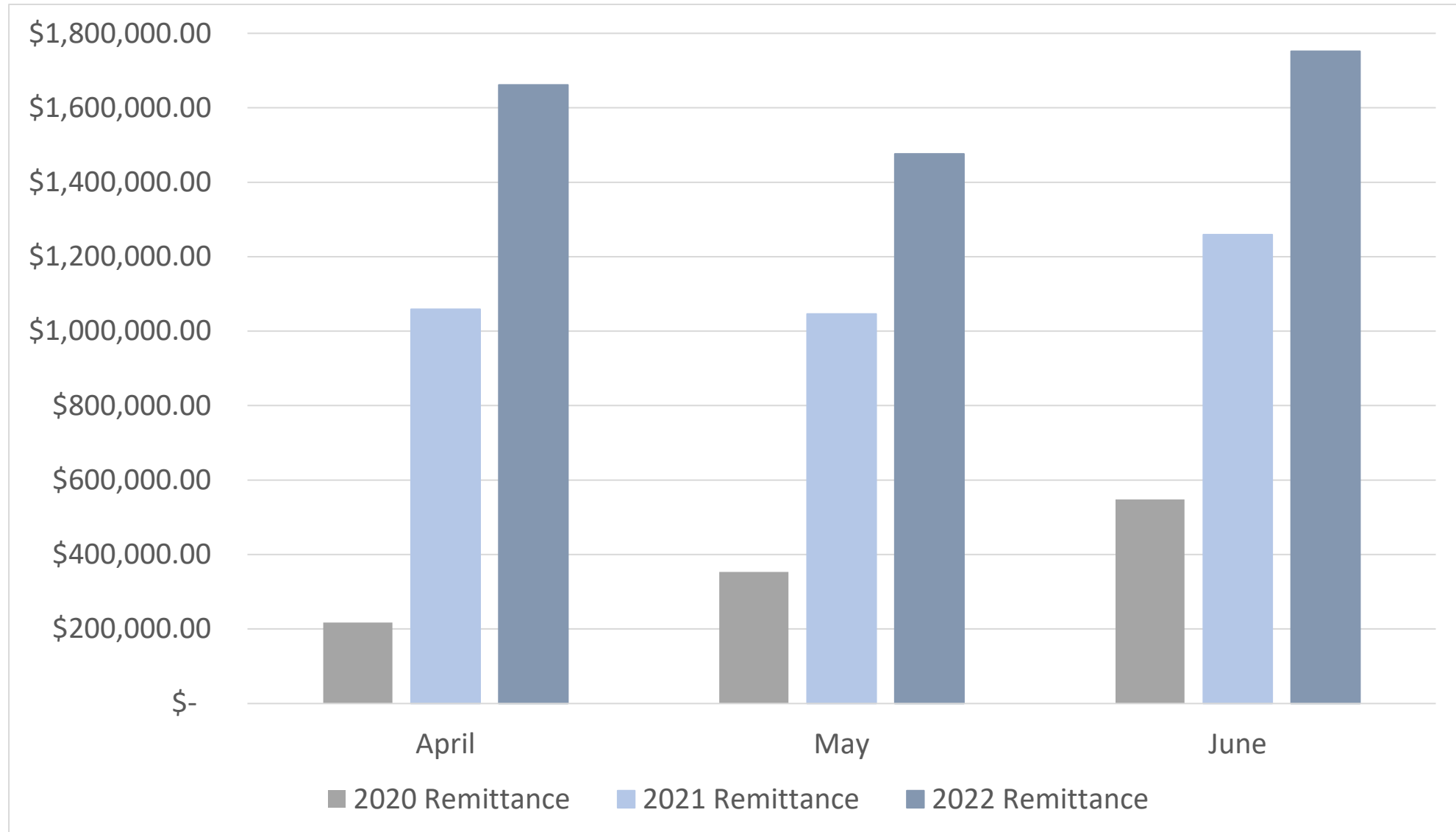
Registered Sellers Over the Years



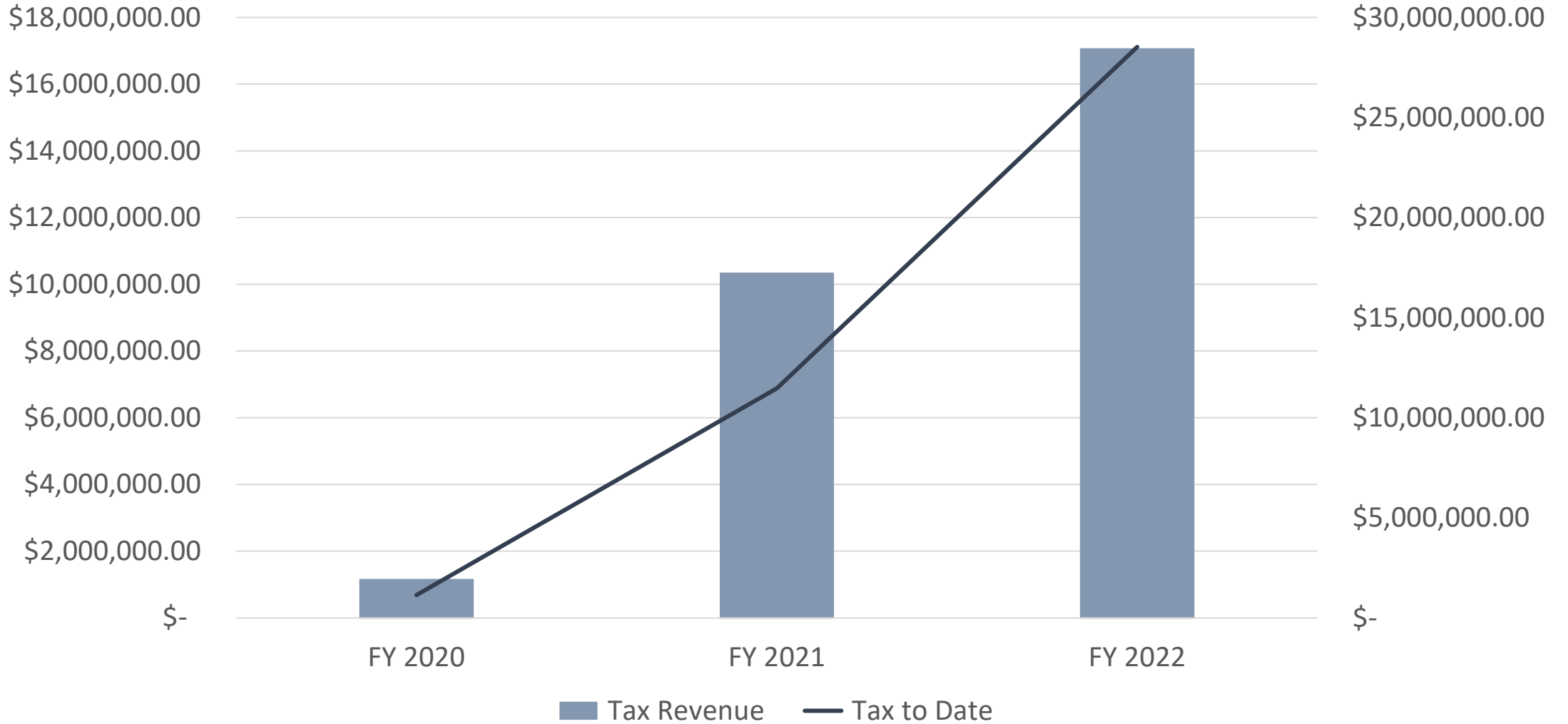
Top 20 Sellers for 2022Q2

1. Amazon.com Services, LLC (MPF)
2. Apple, Inc.
3. eBay, Inc.
4. Intuit, Inc.
5. Hulu, LLC
6. Microsoft Corporation
7. Etsy, Inc.
8. Adobe, Inc.
9. Recreational Equipment, Inc.
10. Target Corporation
11. *WW Grainger*
12. *Sysco Seattle*
13. Nordstrom, Inc.
14. Outdoors Online, LLC
15. US Foods, Inc.
16. *R&M Steel Company*
17. Nike Retail Services, Inc.
18. BestBuy.com, LLC
19. Poshmark, Inc.
20. Disney Platform Distribution Inc

2022Q2 Sales Tax Revenue (by filing period)

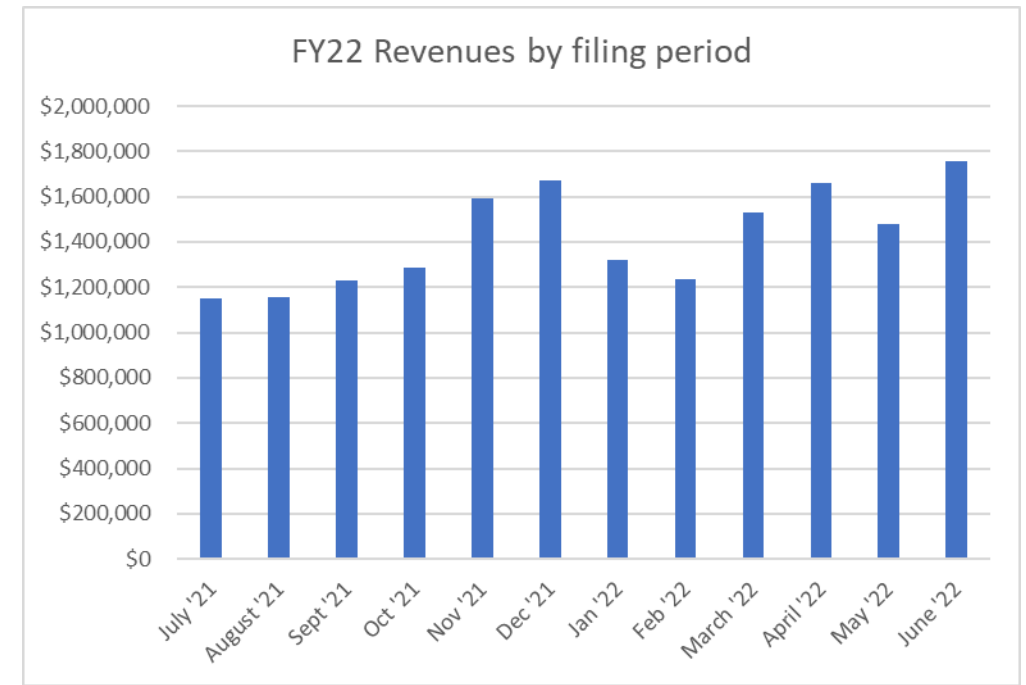


Tax Revenue Over the Years



FY22 Revenues

Filing Period	FY22 Revenues
July '21	\$1,149,036
August '21	\$1,155,184
Sept '21	\$1,228,227
Oct '21	\$1,286,607
Nov '21	\$1,593,194
Dec '21	\$1,673,569
Jan '22	\$1,318,150
Feb '22	\$1,236,142
March '22	\$1,529,005
April '22	\$1,661,751
May '22	\$1,477,670
June '22	\$1,753,910
FY22 Total	\$17,062,446



Sales Tax Revenue by Jurisdiction

FY21 vs FY22

	FY21/FY22	FY21/FY22
Jurisdiction	\$ Chg	% Chg
Adak	9,376	67.4%
Aleknagik	13,024	474.1%
Anchorage Alcoholic Beverage Tax	4,030	245.0%
Aniak	11,421	n/a
Bethel	218,114	52.8%
Cordova	99,117	44.6%
Craig	81,906	69.1%
Dillingham	103,925	37.8%
Gustavus	25,607	76.1%
Haines	115,136	58.2%
Homer	249,978	59.8%
Houston	9,759	87.6%
Juneau	1,203,532	62.4%
Kenai	200,236	74.7%
Kenai Peninsula Borough	824,514	46.2%
Ketchikan	349,572	92.7%
Ketchikan Gateway Borough	297,378	82.9%
Kodiak	375,753	58.5%
Kotzebue	135,047	n/a
Mountain Village	5,984	25.3%
Nenana	21,611	n/a
Nome	157,942	45.8%

	FY21/FY22	FY21/FY22
Jurisdiction	\$ Chg	% Chg
North Pole	407,550	406.1%
Ouzinkie	6,362	n/a
Palmer	280,962	59.5%
Pelican	4,143	n/a
Petersburg Borough	175,596	75.0%
Quinhagak	3,448	n/a
Saint Paul	5,559	27.9%
Saxman	917	21.2%
Selawik	49,577	n/a
Seldovia	27,136	146.8%
Seward	107,024	70.4%
Sitka	463,272	67.4%
Soldotna	197,552	70.5%
Tenakee Springs	2,715	93.9%
Thorne Bay	41,837	103.2%
Togiak	4,167	49.9%
Toksook Bay	5,946	63.0%
Unalaska	48,841	32.3%
Wasilla	163,771	36.7%
Wrangell	107,437	46.4%
Yakutat	38,600	80.1%

ARSSTC Member Fees

- Service provider fees remain the same for 2022Q2 as Q1:
 - GovOS: 12%
 - TTR: 1.25%
- We reached \$10,000,000 total tax revenue in July 2022 and the rates will reduce for 2022Q3:
 - GovOS: 8%
 - TTR: 1%
- The ARSSTC rate remains the same as Q1 (adjusted from 3% retroactively to January 1, 2022) at 2.25%
 - This rate will remain unchanged heading into FY23.
- Total fee % of 11.25% to start FY23.

2022Q2 Updates and Successes

TTR

- Assisted new members to develop accurate exemption matrices
 - Pelican
 - Quinhagak
- Adjusted tax map to reflect change in tax rate
 - Ouzinkie
- Finalized Excursion Inlet on tax map – special rate in Haines Borough
 - Has Juneau PO Box but everything shipped via common carrier to Excursion Inlet
- Researched Kodiak ZIP codes and boundaries
- Connected ARSSTC staff with Avalara outreach team to create a “how to set up remote seller in Avalara” guide
 - Posted on ARSSTC Resources page
- Met with Disney regarding ZIP+4 approach for sourcing
 - They currently do not collect needed address information for this option and do not have the capacity to update system to begin capturing this information

2022Q2 Updates and Successes

GovOS

- Weekly Automatic Notifications
 - Any incomplete workflow: unfiled, pending, account balance, reprocessing fee
- Goal of improving Batch Summary Report for jurisdictions with regards to amended returns and manual adjustments
- GovOS has been hiring additional programmers to better meet its client's needs.

2022Q2 Updates and Successes

Membership

- New Members to ARSSTC
 - None in 2022Q2
- Adopted and Implemented Uniform Code
 - None in 2022Q2
- Members not yet Adopted Uniform Code
 - Chevak
 - Elim
 - Kake
 - Shungnak

2022Q2 Updates and Successes

ARSSTC Meetings

- Board Meetings
 - Met April, June 2022
 - Troy Tankersley (Wasilla) resigned; Joan Miller designated as replacement
 - Discussions around fund balance policy, ARSSTC fee rate, pre-Commission delinquent filing policy, ARSSTC participation on the Multistate Tax Commission resale certificate, drop shippers, approve FY23 budget
- Finance Committee Meetings
 - Met April 2022
 - Discussion around ARSSTC fee rate, propose FY23 budget
- Policy Committee Meetings
 - Met April, May, June 2022
 - Discussions around voluntary disclosure agreements, tax cap uniformity across jurisdictions, businesses with physical presence and remote sales, drop shippers, forced registration, estimated assessments

2022Q2 Updates and Successes

Interpretations

- Interpretation 2022.01 Drop Shipping

Updates to Sales Tax Rules

- No Sales Tax Holidays in 2022Q2
- Seasonal sales tax for Seldovia, Sitka effective 4/1/2022
- Seasonal sales tax for Nome was canceled for 2022
- Seasonal sales tax for Homer and Kenai Peninsula Borough for non-prepared food effective 6/1/2022
- Ouzinkie changed tax rate from 3% to 6% effective 7/1/2022

2022Q2 Updates and Successes

Audit Program

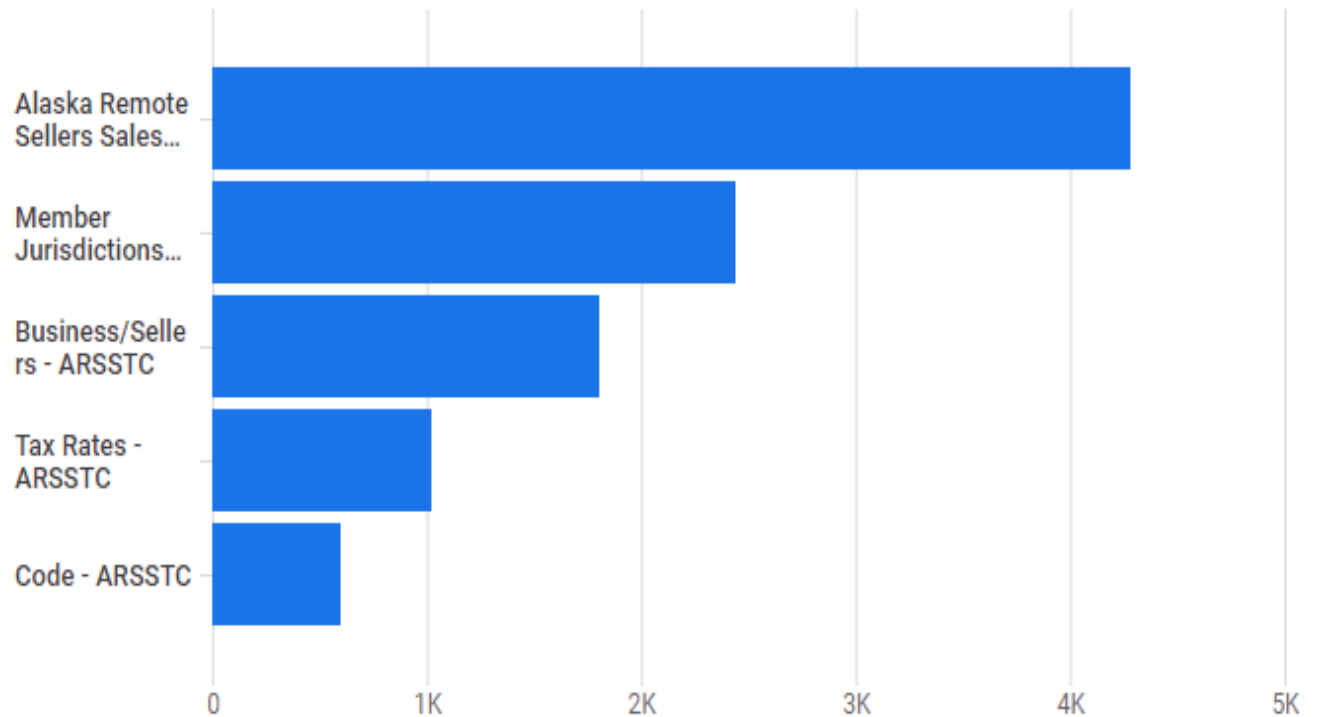
Exemption Categories

- Identified 10 businesses that filed over half of gross sales as exempted under “Outside Jurisdiction” and contacted business for clarification
- Identified 44 businesses that filed over half of gross sales as exempted under “Non-Prepared Food” and contacted business for clarification
- Identified 11 businesses that filed over half of gross sales as exempted under “Construction” and contacted business for clarification
- Identified 26 businesses that filed over half of gross sales as exempted under “Senior Citizen” and contacted business for clarification
- Working on outreach to 117 businesses that filed over half of gross sales as exempted under “Other”
- Working on outreach to 395 businesses that filed over half of gross sales as exempted under “Resale”

2022Q2 Updates and Successes Website

- 4,400 visits
 - 4,000 new users
 - Average engagement time: 1m13s
- Most visited pages in 2022Q2:
 - Member Jurisdictions
 - Business/Sellers
 - Tax Rates
 - Uniform Code
 - Resources, For Buyers
- Finalized the Meetings page

Views by Page title and screen class



2022Q2 Updates and Successes

Program Updates

- Staff Recruitment
 - Expanded recruitment ad to Indeed, ZipRecruiter
- Seller Registration
 - Continue to see positive growth: over 2,300 sellers registered to date
- Outreach
 - Continue to outreach to businesses on the “Top 1,000 Online Businesses” list
 - Forced registration letters sent to multiple large businesses not yet registered

2022Q2 Challenges

- Many companies are not able to seamlessly apply a community's tax cap to a sale
- Identifying businesses with potential erroneous non-collection of sales tax
- Working with filers who submit paper filings to Commission and jurisdictions
- Providing clear filing and payment history upon seller request
- ACH Credit payments from foreign countries
- Vericheck monthly volume limit (previous 28 days)
- Non-response from outreach regarding delinquent filers
- AMSTP (Alaska Municipal Sales Tax Program) Staffing

Program Goals for FY23

- Finalize Voluntary Disclosure Agreement.
- Develop estimated tax assessment policy for non-filers with no filing history.
- Develop education packet for newly registered remote sellers.
- Develop reference archive of system notifications sent to registered remote sellers.
- GovOS:
 - Returned Goods exemption category for filing upload template.
 - Change order for Fees Report to accommodate fluctuating member fees.
- TTR:
 - ZIP+4 solution
- Hire AMSTP staff member(s) – Tax Technician and Audit/Compliance-specific position.
- Continue registration outreach to Alaskan-based remote sellers, using an industry-specific approach.
- Continue outreach to large national remote sellers for registration compliance.
- Continue working with jurisdictions to join ARSSTC and adopt Uniform Code.

Questions?

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