

Alaska Remote Seller Sales Tax Commission

1st Quarter 2022 Update and Overview

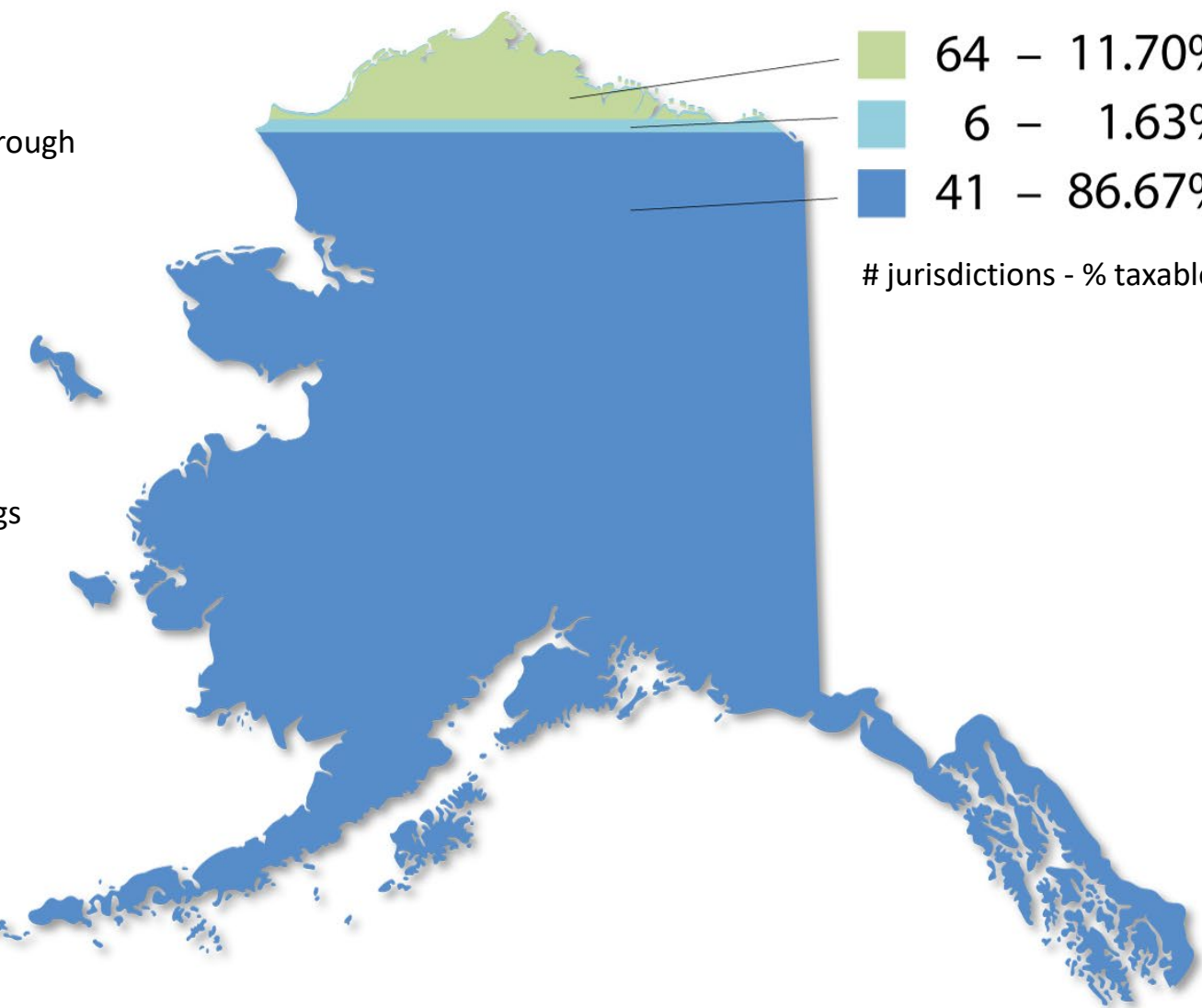
May 25, 2022



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



64 – 11.70%
 6 – 1.63%
 41 – 86.67%
 # jurisdictions - % taxable population

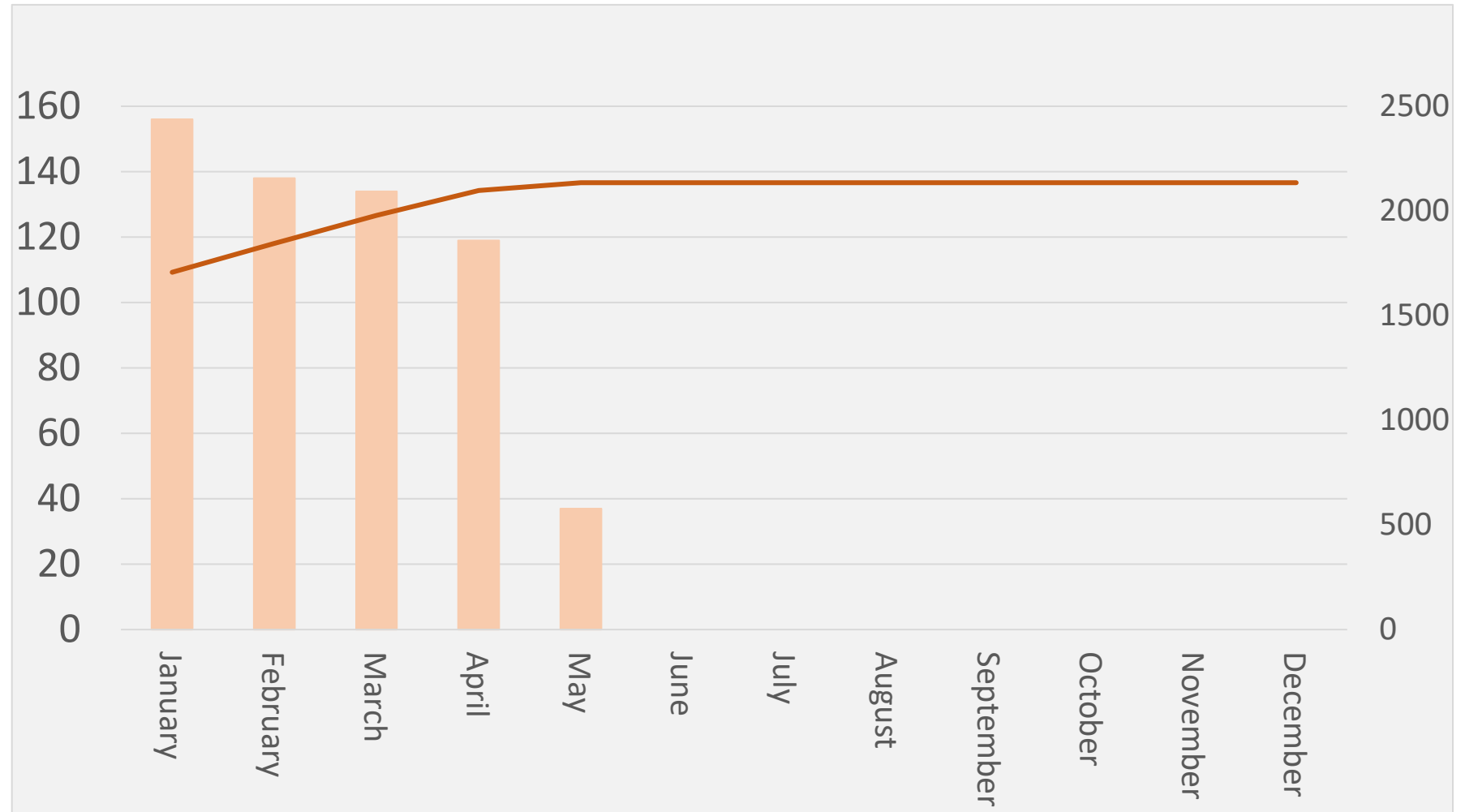
2022 Registered Sellers

2022 to Date: 587

2021 Total: 872

2020 Total: 679

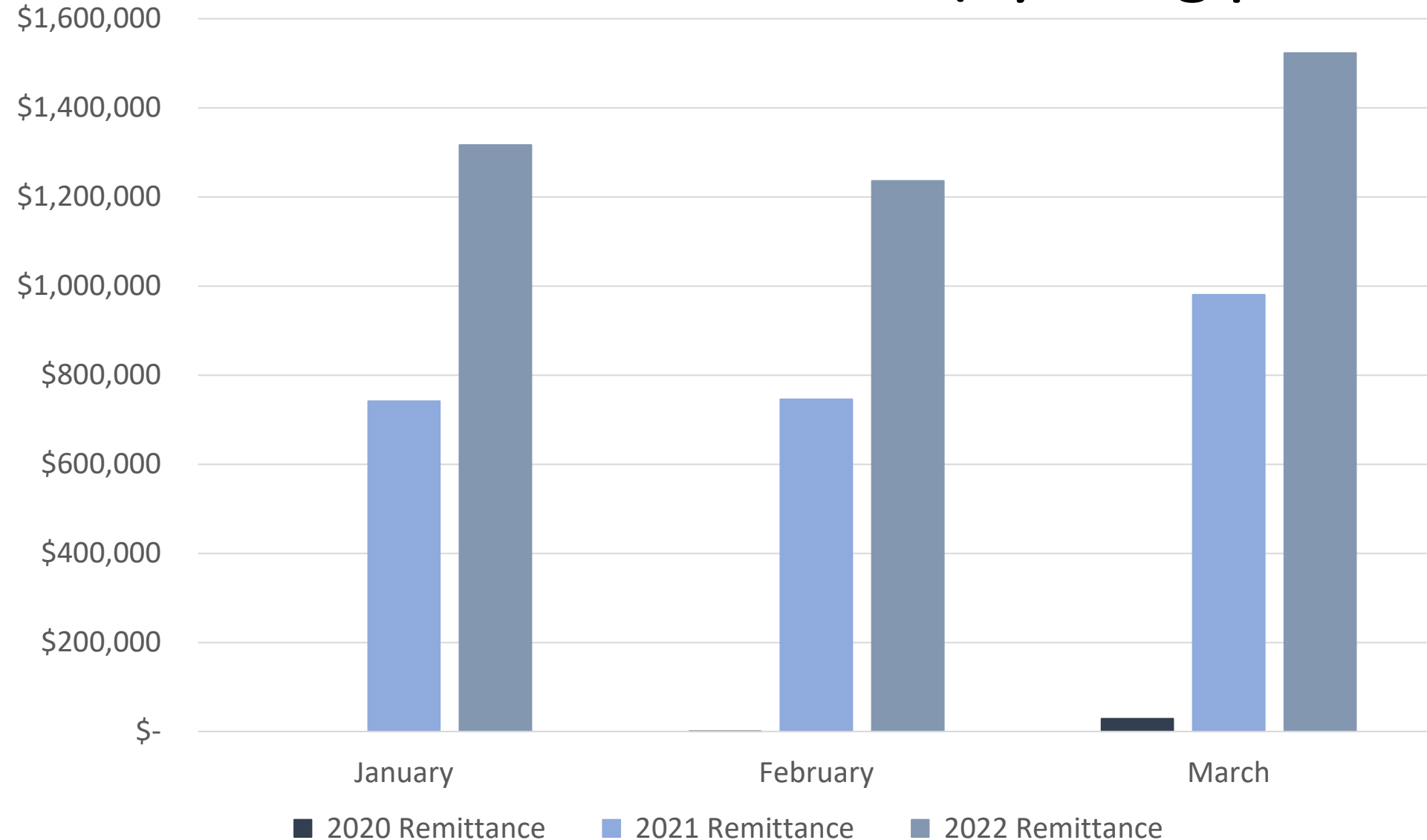
*= 2138 registered
sellers*



Top 20 Sellers for 2022Q1

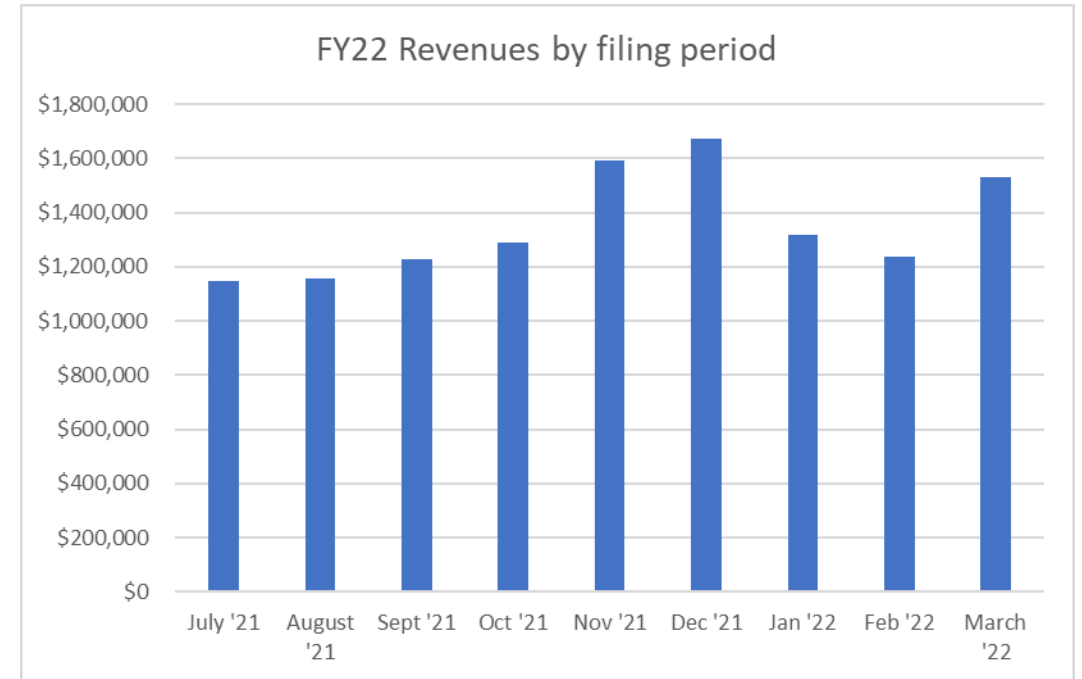
1. Amazon.com Services, LLC (MPF)
2. Apple, Inc.
3. eBay, Inc.
4. Intuit, Inc.
5. Hulu, LLC
6. Microsoft Corporation
7. Etsy, Inc.
8. Target Corporation
9. Adobe, Inc.
10. Nordstrom, Inc.
11. Ash Grove Cement Company
12. Outdoors Online, LLC
13. BestBuy.com, LLC
14. Recreational Equipment, Inc.
15. *US Foods, Inc.*
16. *Snap-On Tools Company, LLC*
17. Nike Retail Services, Inc.
18. *Cascade Columbia Distribution Co.*
19. *Poshmark, Inc.*
20. *APMEX, Inc.*

2022Q1 Sales Tax Revenue (by filing period)



FY22 Revenue Projections

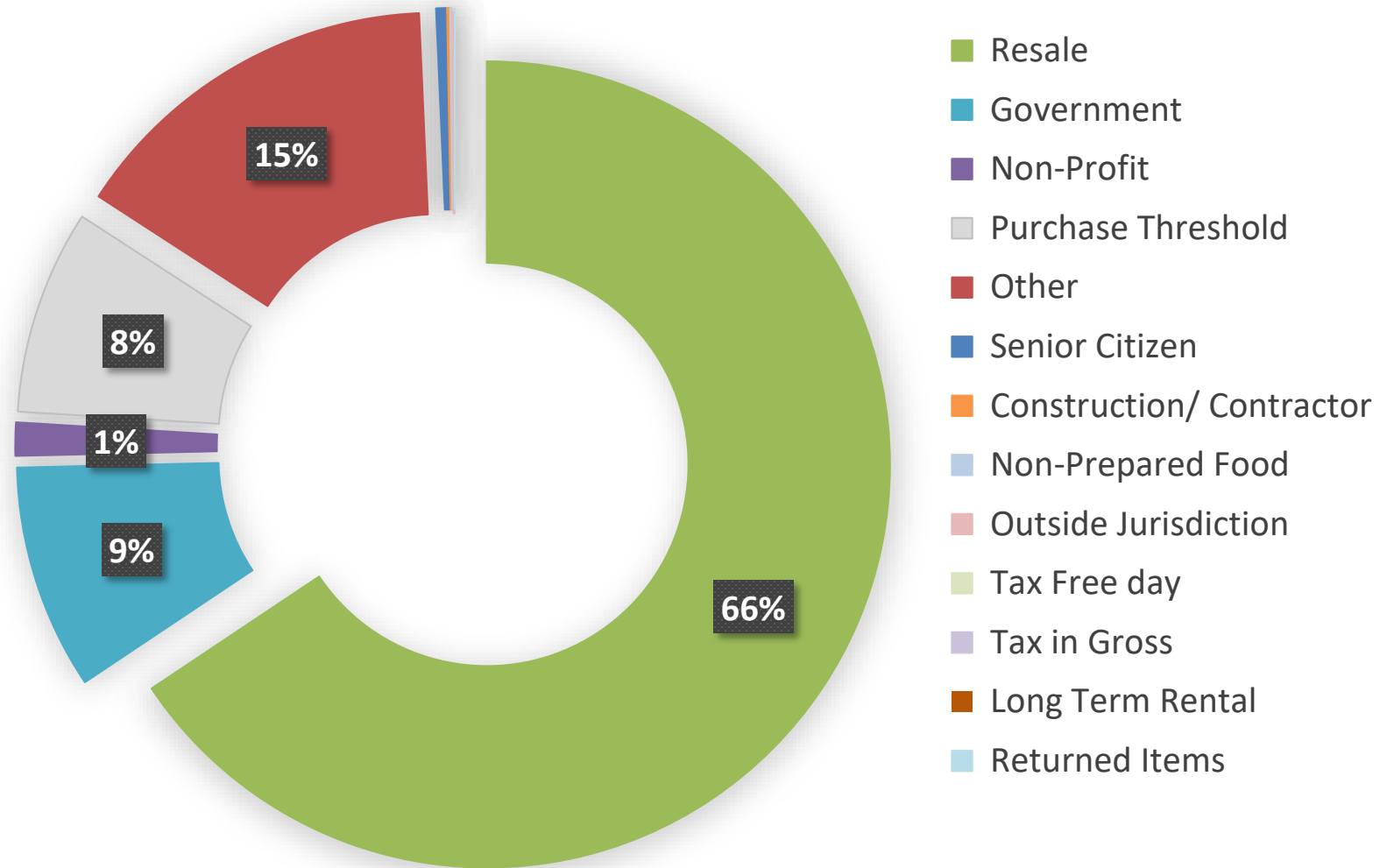
Filing Period	FY22 Revenues	
July '21	\$1,149,036	<i>actual</i>
August '21	\$1,155,184	<i>actual</i>
Sept '21	\$1,228,227	<i>actual</i>
Oct '21	\$1,286,607	<i>actual</i>
Nov '21	\$1,593,194	<i>actual</i>
Dec '21	\$1,673,569	<i>actual</i>
Jan '22	\$1,318,150	<i>actual</i>
Feb '22	\$1,236,142	<i>actual</i>
March '22	\$1,529,005	<i>actual</i>
April '22	\$1,500,000	<i>estimated</i>
May '22	\$1,500,000	<i>estimated</i>
June '22	\$1,500,000	<i>estimated</i>
Est. FY22 Total	\$16,669,115	



2022Q1 Exempt versus Net Taxable (by filing period)



2022Q1 Sales Tax Exemption Breakdown



ARSSTC Member Fees

- Service provider fees increased to their original rates January 1, 2022.
 - GovOS: 12%
 - TTR: 1.25%
- We predict we will reach \$10 million total tax revenue in August 2022 and the provider fee rates will reduce for the rest of 2022.
 - GovOS: 8%
 - TTR: 1%
- The ARSSTC Board authorized a Commission fee rate reduction from 3% to 2.25% retroactive to January 1, 2022.
- Total fee % for 2022 to date is 15.5%.
- Total fee % will reduce to 11.25% once \$10 million total is reached in 2022.

2022Q1 Updates and Successes

TTR Updates

- Assist new members to develop accurate exemption matrices (ongoing)
- Haines Borough and Haines Rural
 - Updated TTR database with new jurisdiction codes for Haines Borough, Haines Rural, HC60 addresses
- Created shape file and pin drop for Excursion Inlet – special rate in Haines Borough
 - Has Juneau PO Box but everything shipped via common carrier to Excursion Inlet
- Worked with Google Maps to correct pin drop for residential addresses on map
 - Created instructions for updating information with Google Maps for general users
- Met with Amazon regarding ZIP+4 approach
 - Amazon works off USPS addresses, they liked our approach but cannot use it unless USPS adopts the new addressing
- Aligned community overview on tax map for Ketchikan Gateway Borough, City of Ketchikan, and Saxman
- Updated senior citizen exemption information on tax map for Pelican
- Updated veterinary services on tax map for Cordova

2022Q1 Updates and Successes

GovOS Updates

- Included “tax collection start date” during registration process
- Automated filing workflow creation based on tax collection start date
- Created new jurisdictions for Kotzebue Alcoholic Beverage, Haines Borough 5.5%, Haines Rural 4.0%, Excursion Inlet
- Improved syncing and viewing of data between the “yellow form” and the “summary view”

All Jurisdictions		Total	Adak	Aleknagik	Aniak	Bethel	Craig	Dillingham	Cordova
1	Gross Sales	597675.58	0.00	0.00	0.00	0.00	1374.80	7774.25	6335.06
2A	Add: Bad Debts Collected	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2B	Total Income (Line 1+2A)	597675.58	0.00	0.00	0.00	0.00	1374.80	7774.25	6335.06
			Government	Construction/ Contractor	Government	Government	Government	Government	Construction/ Contractor
			0.00	0.00	0.00	0.00	0.00	0.00	0.00
			Other	Government	Long Term Rental	Long Term Rental	Non-Profit	Non-Profit	Government
			0.00	0.00	0.00	0.00	0.00	0.00	0.00
			Outside Jurisdiction	Non-Prepared Food	Other	Non-Prepared Food	Outside Jurisdiction	Other	Non-Profit
			0.00	0.00	0.00	0.00	0.00	3887.08	0.00
			Resale	Non-Profit	Purchase Threshold	Non-Profit	Purchase Threshold	Outside Jurisdiction	Other
			0.00	0.00	0.00	0.00	0.00	0.00	3167.39
			Other	Resale	Other	Resale	Purchase Threshold	Outside Jurisdiction	Other
			0.00	0.00	0.00	0.00	0.00	0.00	0.00
			Resale	Purchase Threshold	Senior Citizen	Resale	Purchase Threshold	Resale	Purchase Threshold
			0.00	0.00	0.00	0.00	0.00	0.00	0.00
			Resale	Tax Free day	Resale	Resale	Resale	Resale	Resale
			0.00	0.00	0.00	0.00	0.00	0.00	0.00
			Senior Citizen	Senior Citizen	Senior Citizen	Senior Citizen	Senior Citizen	Senior Citizen	Senior Citizen
			0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL DEDUCTIONS	Total Deductions	309055.86	0.00	0.00	0.00	0.00	0.00	3887.08	3167.39
4	Net Taxable Sales & Service	288619.72	0.00	0.00	0.00	0.00	1374.80	3887.17	3167.67
5	Amount of Sales Tax *	11293.37	0.00	0.00	0.00	0.00	68.74	233.23	190.06

Jurisdiction	Jurisdiction ID	Gross Sales	Total Deductions	Net Taxable Sales & Service	Timely Vendor Fee Discount	Total Penalty & Interest Due	TOTAL DUE AND PAYABLE
Adak	9001	0.00	0.00	0.00	0.00	0.00	0.00
Aleknagik	9004	0.00	0.00	0.00	0.00	0.00	0.00
Anchorage Alcoholic Beverage Tax	800006	0.00	0.00	0.00	0.00	0.00	0.00
Aniak	9007	0.00	0.00	0.00	0.00	0.00	0.00
Bethel	9008	0.00	0.00	0.00	0.00	0.00	0.00
Bethel Alcoholic Beverage Tax	800015	0.00	0.00	0.00	0.00	0.00	0.00
Cordova	9026	6335.06	3167.39	3167.67	0.00	0.00	190.06
Craig	9015	1374.80	0.00	1374.80	0.00	0.00	68.74

2022Q1 Updates and Successes

GovOS Updates (*continued*)

- Amendment Module
 - Improved amended data flow to all reports
 - Ensured penalty and interest waivers for amended returns flow to all reports
 - Ensured vendor discount over cap (related to timely filing discount cap) flow to Batch Summary Report
- Started weekly automatic notices for any incomplete workflow

2022Q1 Updates and Successes

Program Updates: Membership and Meetings

- New Members to ARSSTC
 - None in 2022Q1
 - Adopted and Implemented Uniform Code
 - Quinhagak
 - Members not yet Adopted Uniform Code
 - Chevak
 - Elim
 - Hoonah
 - Kake
 - Shungnak
 - Board Meetings
 - Met February 2022
 - Finance Committee Meetings
 - Met February 2022
 - Policy Committee Meetings
 - Met January, February, March 2022
- ARSSTC Meetings are open to Commission members and can be found here:**
<https://arsstc.org/meetings/>

2022Q1 Updates and Successes

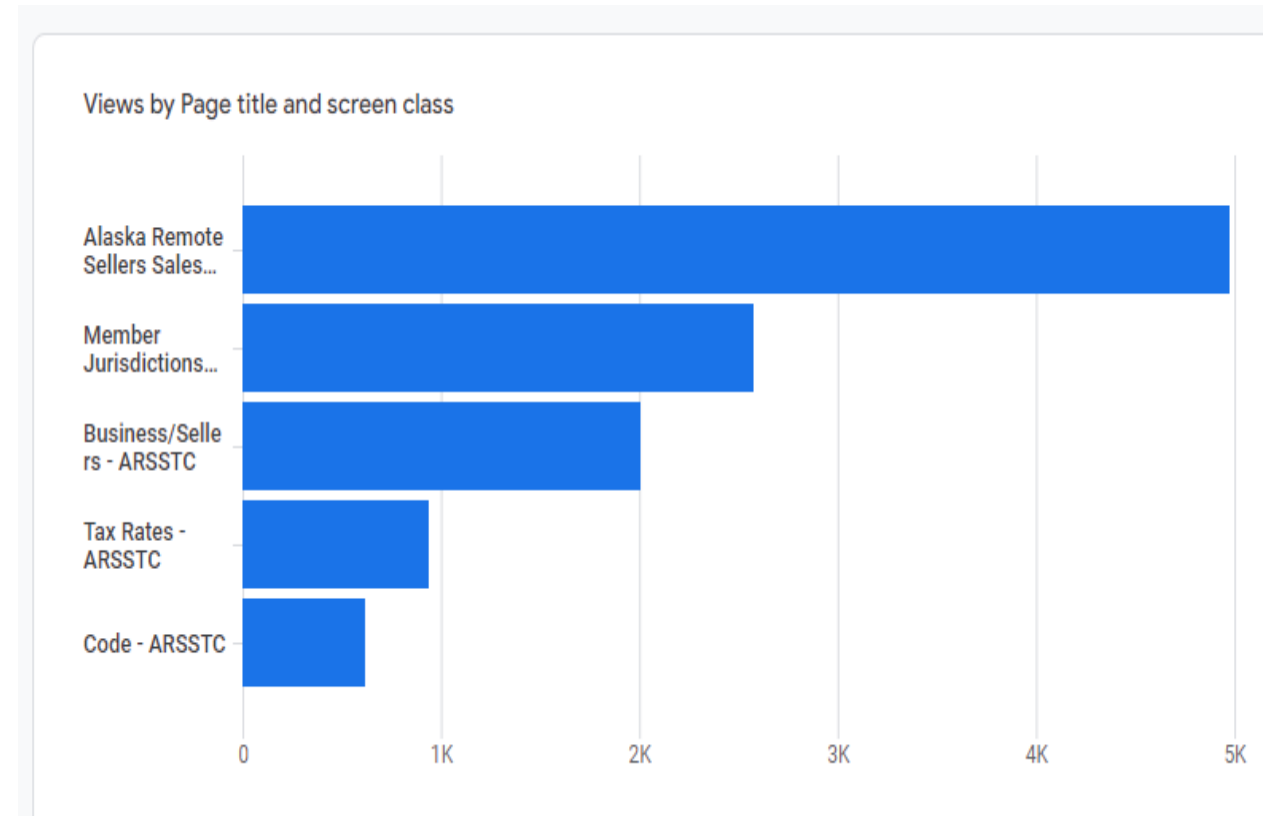
Program Updates: Audit Program

- Kenai Peninsula Borough versus Taxing Towns Filing Comparison
 - Identified 76 businesses that were filing only at the Borough level and not into any nested taxing town
- High percentage Resale exemption analysis
- High percentage “Other” exemption analysis
- Alcoholic Beverage reporting analysis
- 1st time filers review

2022Q1 Updates and Successes

Program Updates: Website

- 4,500 visits
 - 4,100 new users
 - Average engagement time: 1m24s
- Most visited pages in 2022Q1:
 - Member Jurisdictions
 - Business/Sellers
 - Tax Rates
 - Uniform Code
 - Resources, For Buyers



2022Q1 Updates and Successes

Program Updates

- Seller Registration
 - Continue to see positive growth: over 2,100 sellers registered to date.
- Outreach
 - Continue to outreach to businesses on the “Top 2,000 Online Businesses” list.
 - Continue to outreach to businesses in Alaska that may meet registration criteria.
 - Continue to outreach to communities in Alaska to join the Commission.

2022Q1 Challenges

- Industry-specific accounting/sales software does not accommodate multiple tax rates
 - Some AK sellers are relying on software not designed as a sales tax system, such as Quickbooks
- Many companies are not able to seamlessly apply a community's tax cap to a sale.
- Working with filers who submit paper filings to Commission and jurisdictions.
- Customers located outside jurisdiction boundaries being charged the incorrect rate, due to the seller calculating taxes based solely on ZIP code.
- AMSTP (Alaska Municipal Sales Tax Program) Staffing
 - Still advertising for additional position

Program Goals for 2022

- Investigate / develop Voluntary Disclosure Agreement.
- Develop estimated tax assessment policy for non-filers with no filing history.
- Develop Interpretation providing guidance on drop-shipped transactions.
- Develop education packet for newly registered remote sellers.
- Develop archive of system notifications sent to registered remote sellers.
- GovOS:
 - Returned Goods exemption category for filing upload template.
 - Improved business user interface to better accommodate access to multiple accounts and past filings records.
- 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?

- Clinton Singletary, AMSTP Program Director
907-790-5307
clinton@akml.org
- Kara Johnson, AMSTP Program Administrator
907-790-5303
kara@akml.org