

# Alaska Remote Seller Sales Tax Commission

2<sup>nd</sup> Quarter 2023 FY2023 Update and Overview

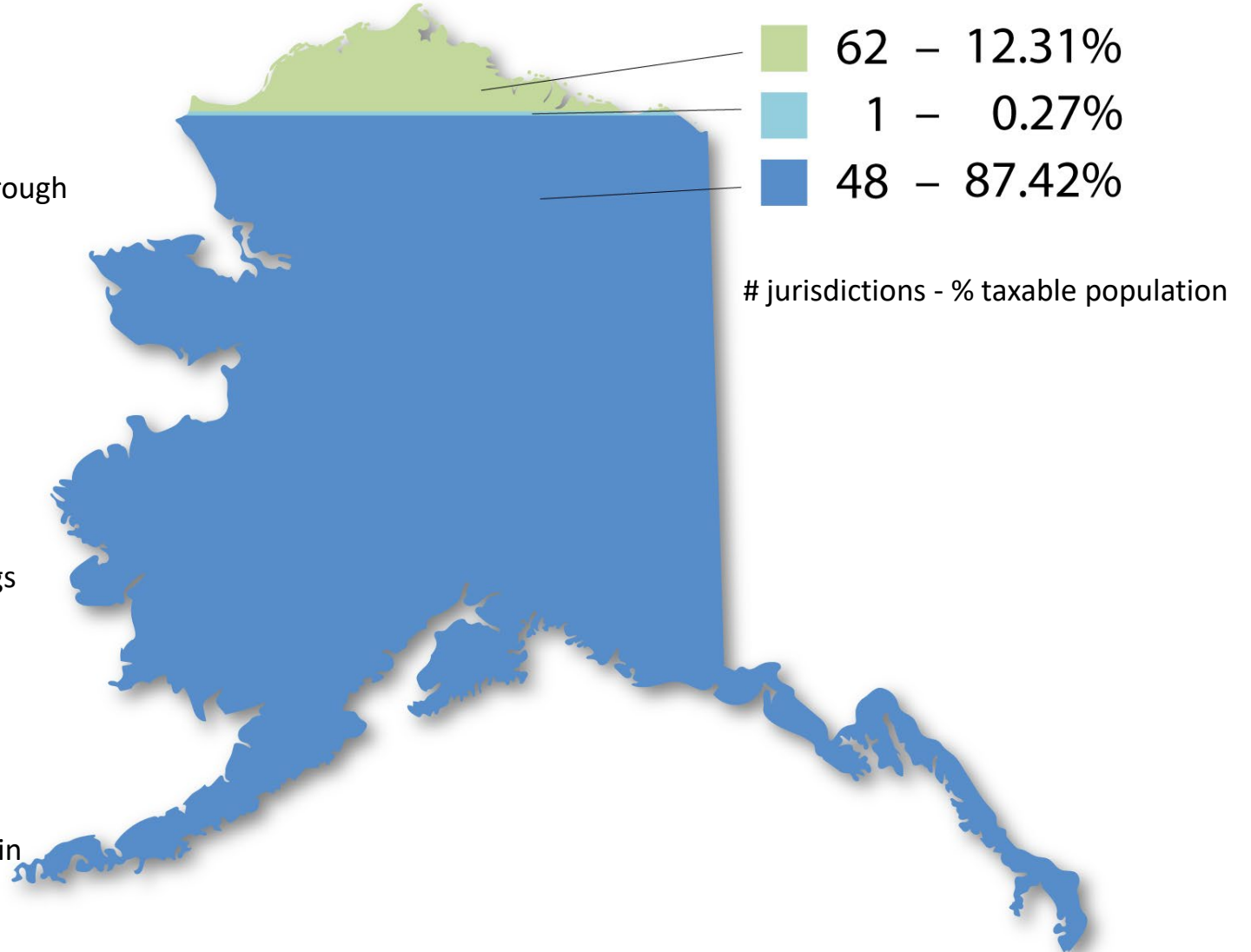
August 30, 2023



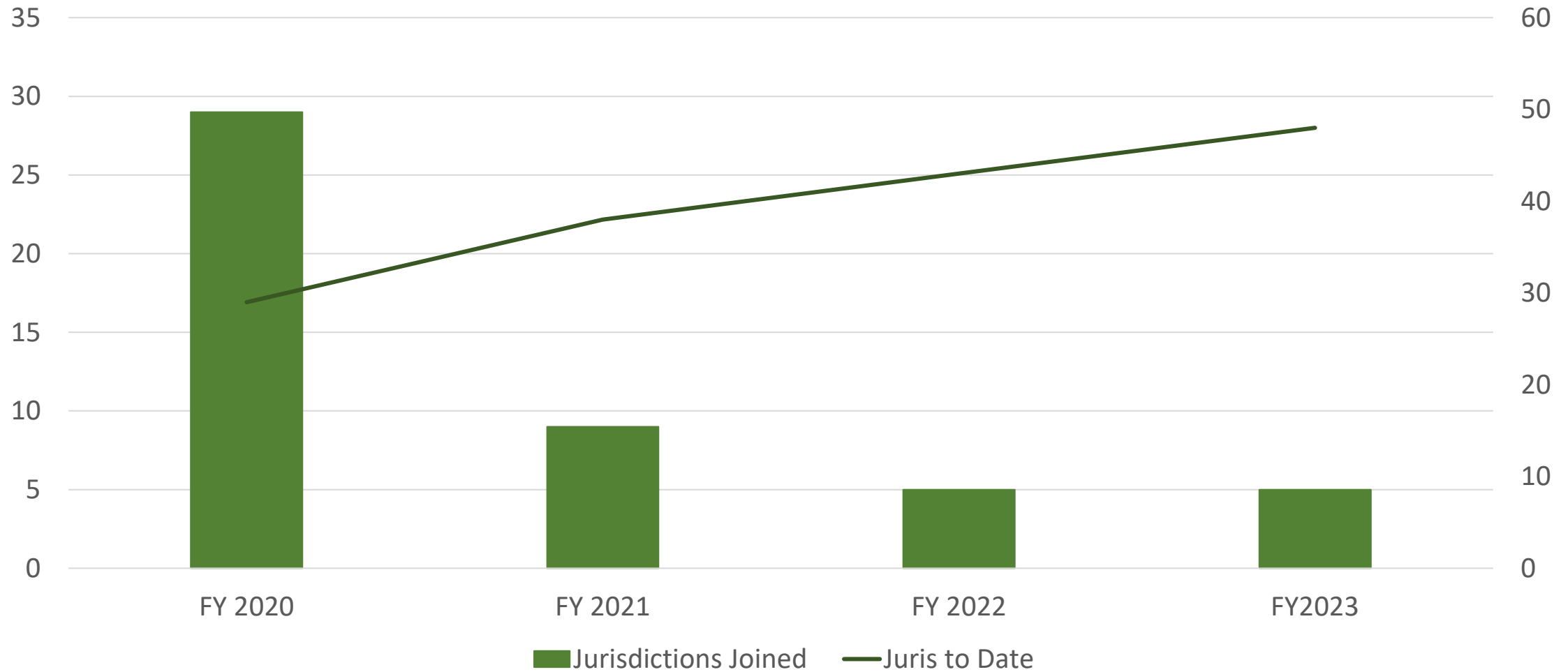
# Jurisdictions to Date

Adak  
Aleknagik  
Anchorage (alcoholic beverage tax only)  
Aniak  
Bethel (retail and alcoholic beverage)  
Cordova  
Craig (retail and alcoholic beverage)  
Dillingham (retail and alcoholic beverage)  
Galena  
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)

Old Harbor  
Ouzinkie  
Palmer  
Pelican  
Petersburg Borough  
Quinhagak  
Saint Paul  
Saxman  
Selawik  
Seldovia  
Seward  
Shungnak  
Sitka  
Soldotna  
Tenakee Springs  
Thorne Bay  
Togiak  
Toksook Bay  
Unalakleet  
Unalaska  
Wasilla  
White Mountain  
Wrangell  
Yakutat

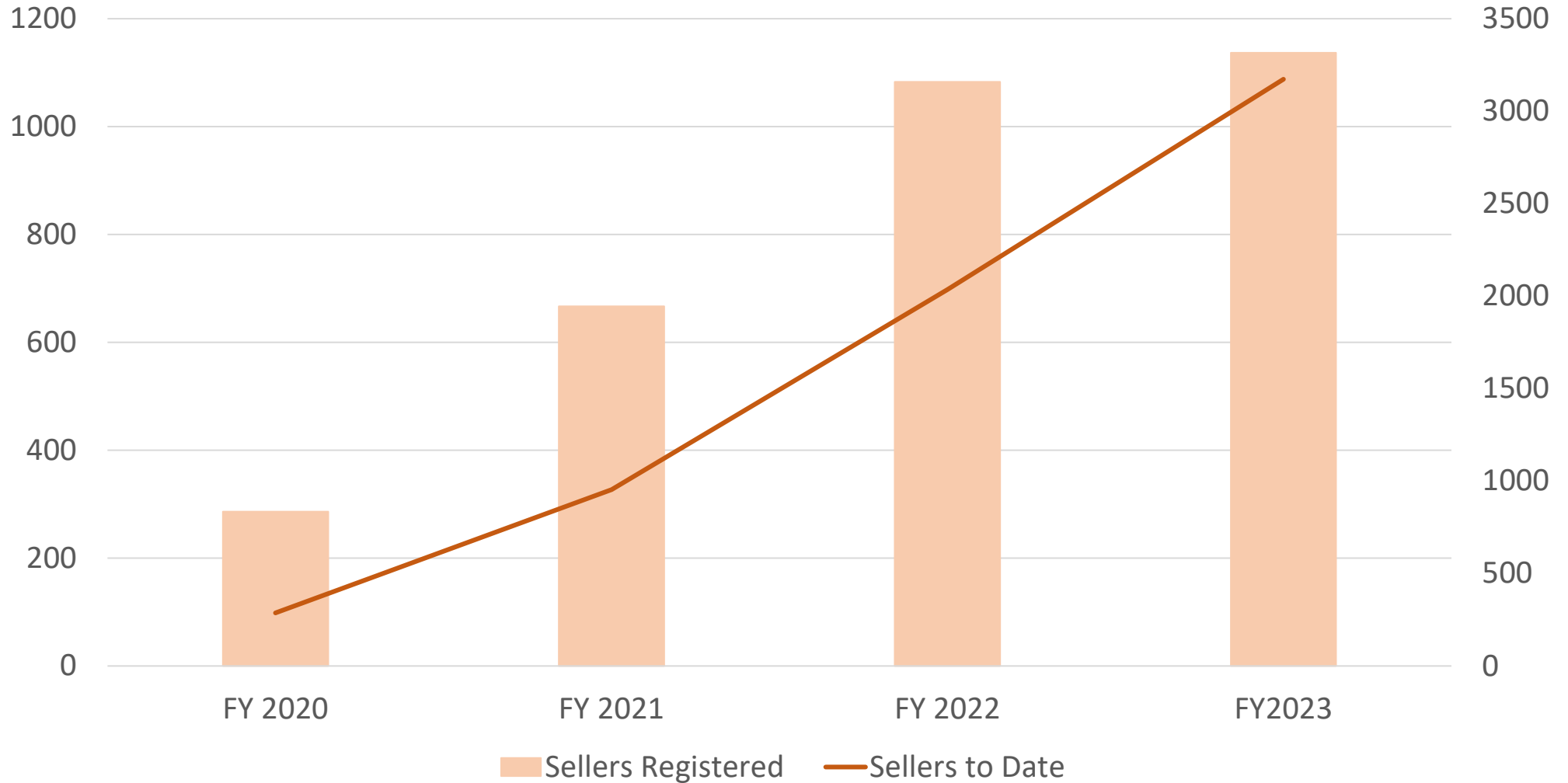


# Member Jurisdictions Over the Years



# Registered Sellers over the Years

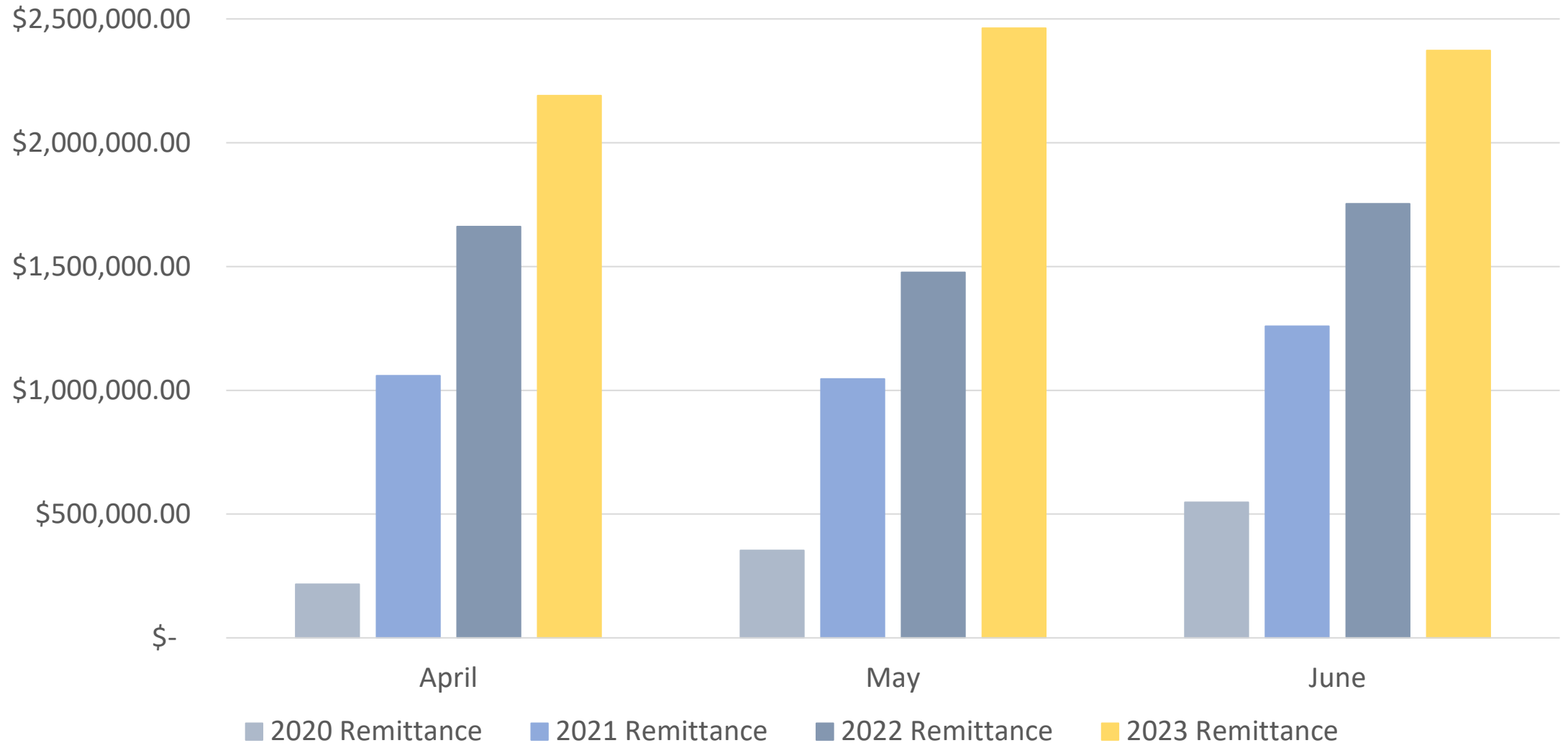
*FY24 to Date: 154*  
*FY23 Total: 1137*  
*FY22 Total: 1083*  
*FY21 Total: 667*  
*FY20 Total: 286*  
*= 3,334 registered sellers*



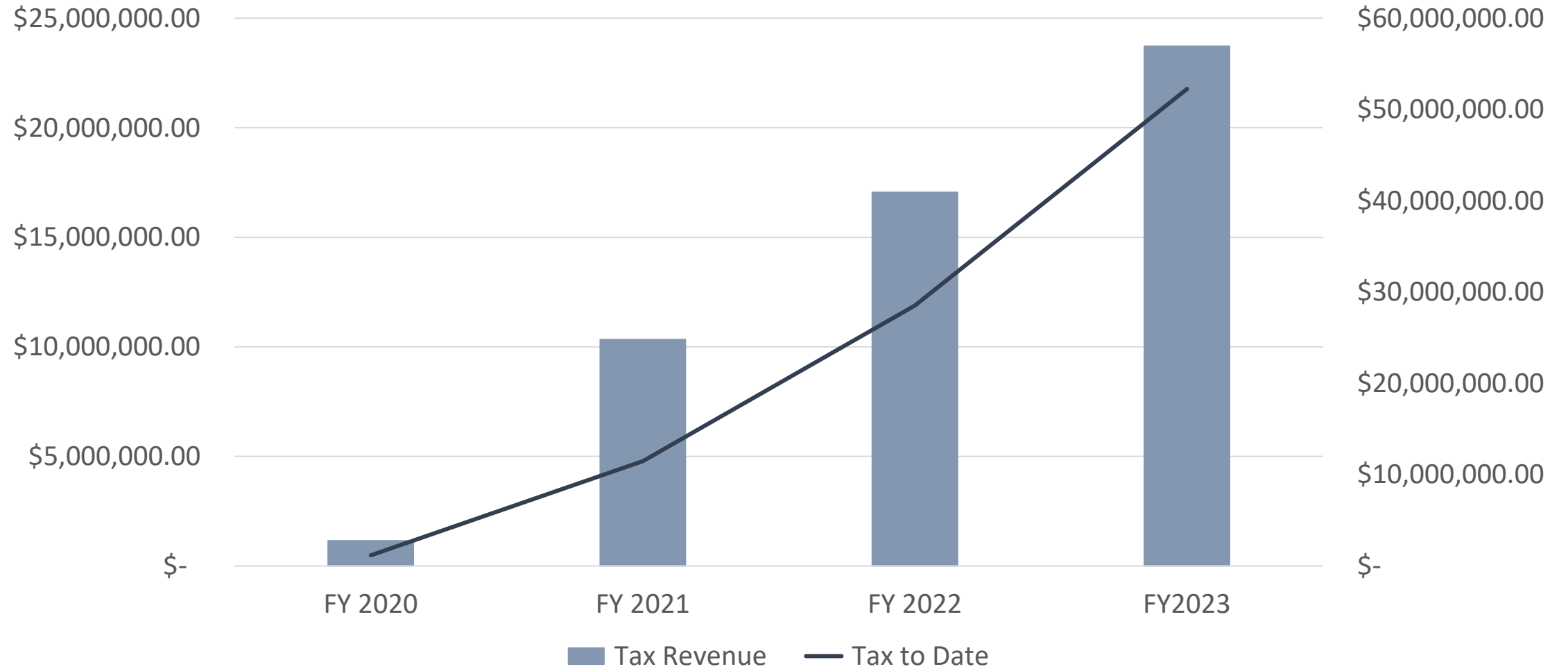
# Top 20 Sellers for 2023Q2

- |                                      |                                  |
|--------------------------------------|----------------------------------|
| 1. Amazon.com Services, LLC (MPF)    | 11. <i>Groceryworks.com</i>      |
| 2. Apple, Inc.                       | 12. Stitch Fix, Inc.             |
| 3. Google LLC                        | 13. Ash Grove Cement Company     |
| 4. eBay, Inc.                        | 14. <i>Whirlpool Corp</i>        |
| 5. Space Exploration Technology Corp | 15. <i>Whaleco, Inc.</i>         |
| 6. ADP, Inc.                         | 16. Recreational Equipment, Inc. |
| 7. Intuit, Inc.                      | 17. <i>Sysco Seattle, Inc.</i>   |
| 8. Hulu, LLC                         | 18. <i>US Foods, Inc.</i>        |
| 9. Microsoft Corporation             | 19. WW Grainger, Inc.            |
| 10. Etsy, Inc.                       | 20. <i>Clipper Oil, Inc.</i>     |

# 2023Q2 Sales Tax Revenue (by filing period)

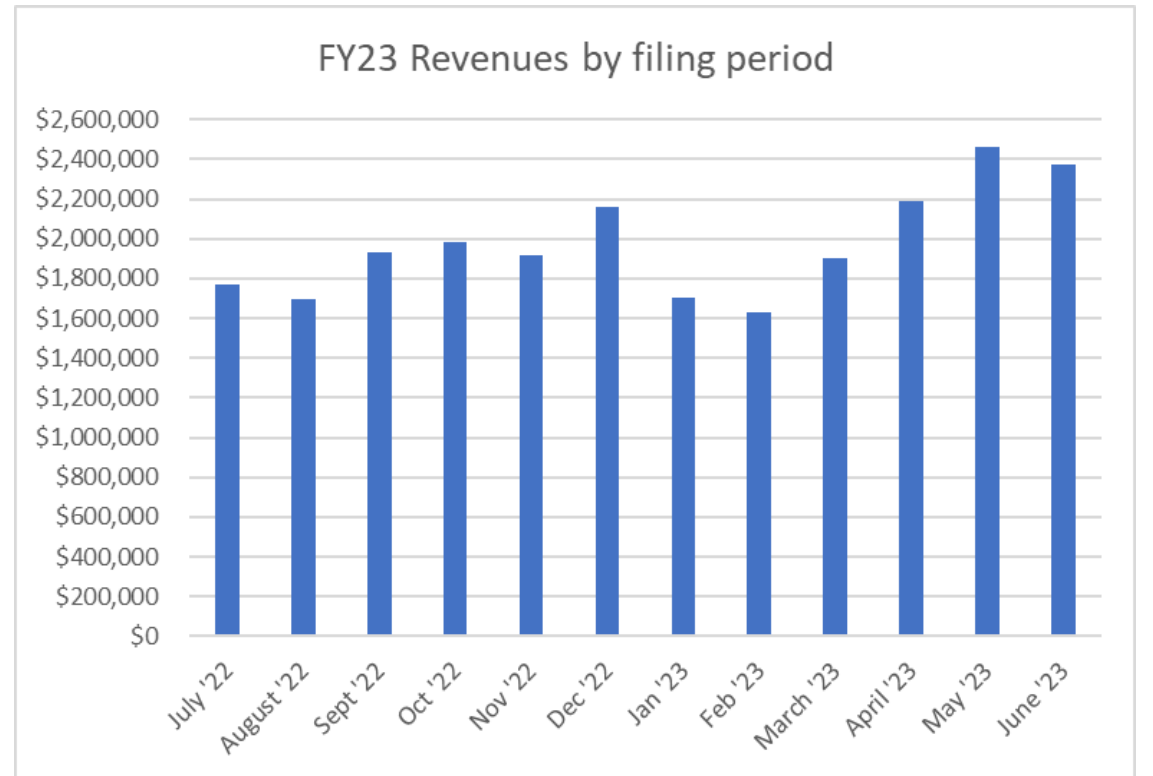


# Tax Revenue Over the Years



# FY23 Revenues

Filing Period	FY23 Revenues
July '22	\$1,769,026
August '22	\$1,698,945
Sept '22	\$1,934,551
Oct '22	\$1,983,959
Nov '22	\$1,917,617
Dec '22	\$2,159,423
Jan '23	\$1,702,415
Feb '23	\$1,631,775
March '23	\$1,900,775
April '23	\$2,190,387
May '23	\$2,463,200
June '23	\$2,373,755
<b>FY23 Total</b>	<b>\$23,725,829</b>





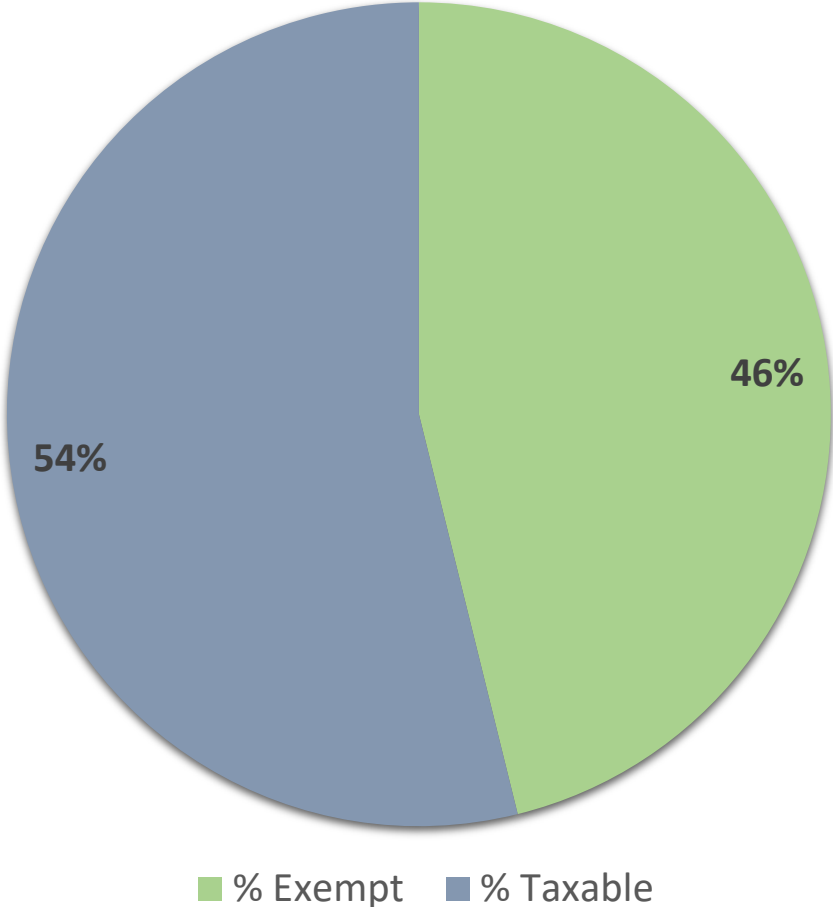
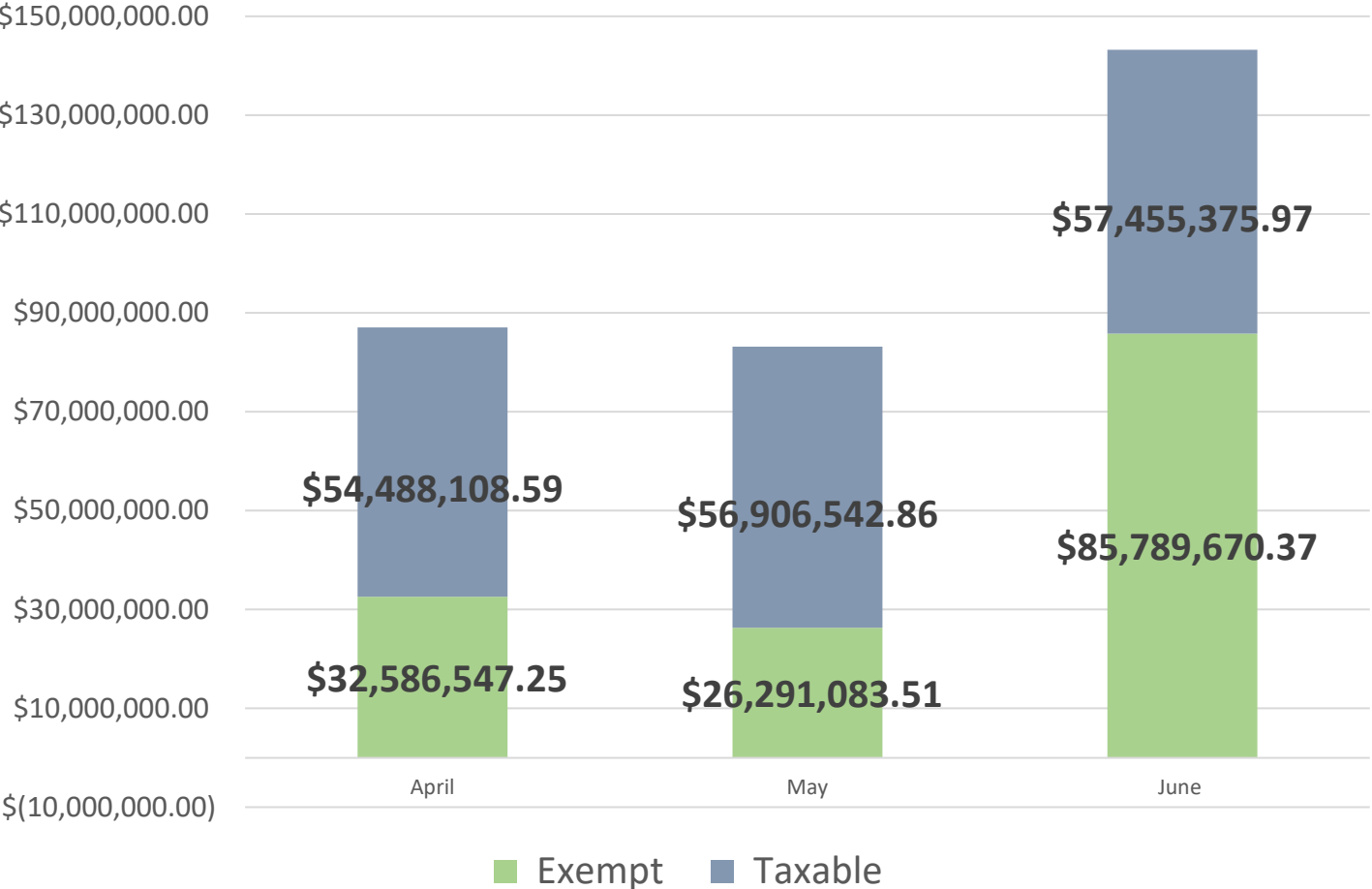
# Sales Tax Revenue by Jurisdiction

## FY22 vs FY23

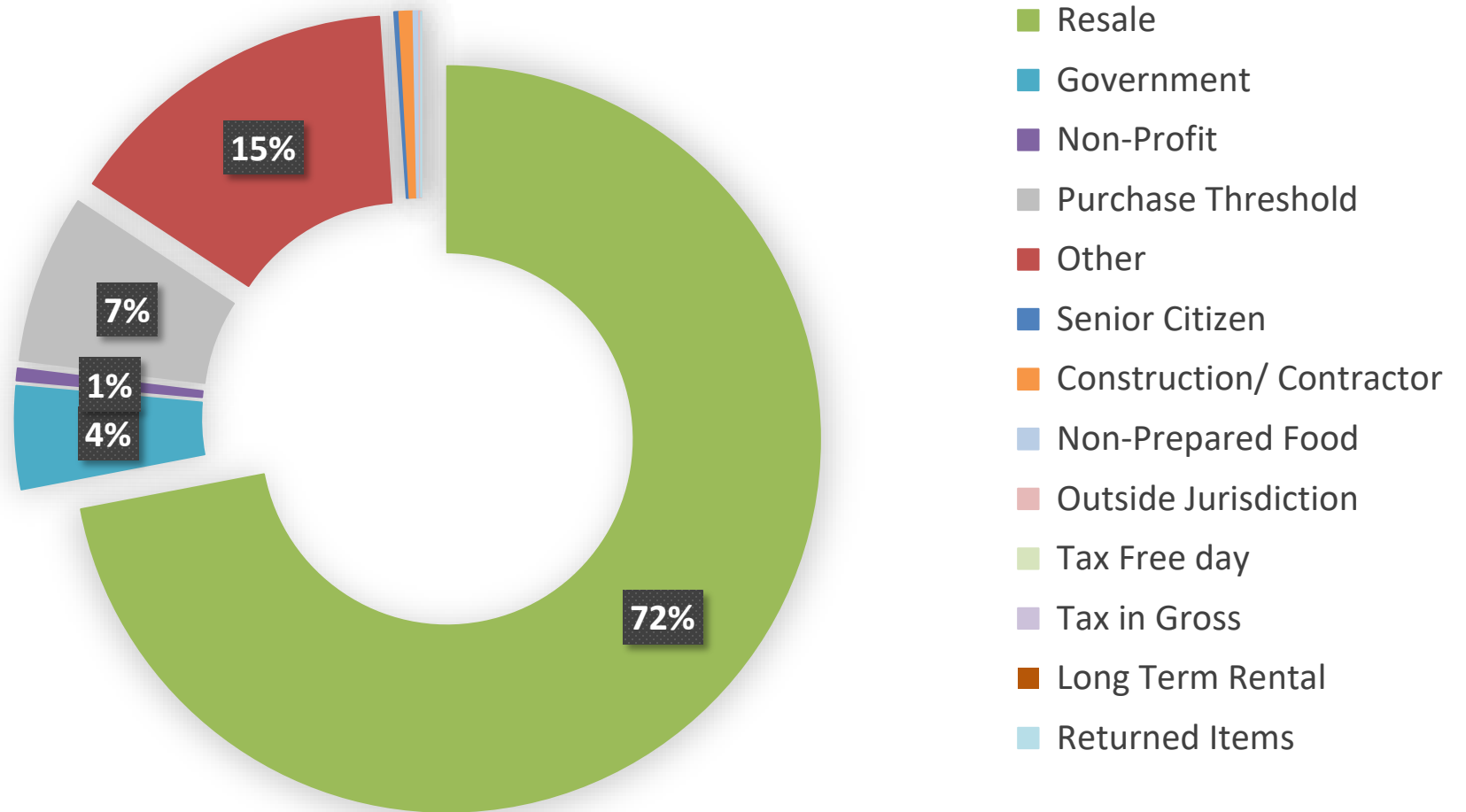
Jurisdiction	FY22/FY23 \$ Chg	FY22/FY23 % Chg
Adak	\$ 7,573	32.5%
Aleknagik	\$ 7,368	46.7%
Anchorage Alcoholic Beverage Tax	\$ 14,989	264.1%
Aniak	\$ 6,647	58.2%
Bethel	\$ 242,275	38.4%
Cordova	\$ 90,093	28.0%
Craig	\$ 67,148	33.5%
Dillingham	\$ 123,001	32.5%
Excursion Inlet	\$ 12,043	200.0%
Galena	\$ 16,757	n/a
Gustavus	\$ 19,871	33.5%
Haines	\$ 104,580	34.1%
Homer	\$ 239,071	35.6%
Houston	\$ 14,112	67.5%
Juneau	\$ 992,499	31.7%
Kenai	\$ 161,690	36.1%
Kenai Peninsula Borough	\$ 850,231	32.3%
Ketchikan	\$ 429,429	59.1%
Ketchikan Gateway Borough	\$ 249,460	n/a
Kodiak	\$ 354,512	34.8%
Kotzebue	\$ 183,743	136.1%
Mountain Village	\$ (2,636)	-8.9%
Nenana	\$ 12,005	55.5%

Jurisdiction	FY22/FY23 \$ Chg	FY22/FY23 % Chg
Nome	\$ 119,841	23.8%
North Pole	\$ 206,401	40.6%
Ouzinkie	\$ 12,302	n/a
Palmer	\$ 266,038	35.3%
Pelican	\$ 8,152	n/a
Petersburg Borough	\$ 70,419	17.2%
Quinhagak	\$ 27,692	803.2%
Saint Paul	\$ 8,001	31.4%
Saxman	\$ 15,870	302.6%
Selawik	\$ 7,532	15.2%
Seldovia	\$ 25,854	56.9%
Seward	\$ 87,682	34.2%
Sitka	\$ 268,271	23.3%
Soldotna	\$ 206,038	43.7%
Tenakee Springs	\$ 5,104	91.0%
Thorne Bay	\$ 11,371	13.8%
Togiak	\$ 2,295	18.3%
Toksook Bay	\$ 3,100	19.7%
Unalakleet	\$ 38,742	n/a
Unalaska	\$ 191,127	95.6%
Wasilla	\$ 590,317	96.8%
Wrangell	\$ 63,797	18.8%
Yakutat	\$ 34,901	40.2%

# 2023Q2 Exempt versus Net Taxable (by filing period)



# 2023Q2 Sales Tax Exemption Breakdown



# ARSSTC Member Fees

- Service provider fees remained the same as Q1 for most of 2023Q2:
  - GovOS: 12%
  - TTR: 1.25%
- We reached \$10,000,000 total tax revenue June 12, 2023; reduced rates for the remainder of the calendar year:
  - GovOS: 8%
  - TTR: 1%
- There is a possibility we will reach the next reduced rate tier of \$20 million in CY23.
- The ARSSTC rate remains the same as Q1 (at 2.25%)
  - This rate will remain unchanged heading into FY24.
- Total fee % of 11.25% to start FY24.
- ARSSTC board approved reimbursement of \$340k back to jurisdictions for FY23

# 2023Q2 Updates and Successes

## TTR/Avalara


- Assisted new members to develop accurate exemption matrices
  - Galena
  - Old Harbor
  - Shungnak
  - White Mountain
- Updated tax map to remove Sitka seasonal sales tax information
- Inquired with Shopify about how they are assessing tax for Alaska buyers
- Finalized process to run bulk addresses for rate verification (for audit department)
- Working with internal staff to update Avalara information regarding Alaska remote seller set up in Avalara system
- Working with ARSSTC staff to confirm taxability of sales to tribal members across all jurisdictions



# 2023Q2 Updates and Successes

## GovOS

- Assisted in identifying issues with third-party payment processors
- Working on Returned Goods deduction change order
- Working on upgrades to reporting and functionality for Amended Returns
- Working on adding alternate email for notifications
- Working on increased reporting capabilities to see gross and exempt sales; jurisdiction or business specific searches
- Multiple additional change orders are being developed that will improve both staff and business user experiences

A vibrant aurora borealis (northern lights) display in shades of green and purple, reflected in a body of water. The sky is dark with visible stars. A curved white line separates the image from the text area on the right.

# 2023Q2 Membership

- New Members to ARSSTC
  - None in 2023Q2
- Adopted and Implemented Uniform Code
  - Old Harbor
  - White Mountain
  - Shungnak



# 2023Q2

## ARSSTC Meetings

ARSSTC meetings are open to Commission members and can be found here:

<https://arsstc.org/meetings/>

### Board Meetings

- Met in May
- Updated annual meeting quorum requirements in by-laws
- Updated procedure for AML monthly overhead expenses review and approval

### Finance Committee Meetings

- Met in May
- Reviewed fund balance policy

### Policy Committee Meetings

- Met in April, May, June
- Continued discussion on marketplaces (service, travel)
- Drafted Interpretation 2023.02 Economic Nexus & Account Closures
- Reviewed tax cap guidance



# 2023Q2 Updates and Successes

## General Guidance

- No general guidance issued to sellers in 2023Q2

## Updates to Sales Tax Rules

- Sitka discontinued seasonal sales tax, effective 7/1/23
- Specific outreach regarding Nome discontinued seasonal sales tax

## Interpretations

- No interpretations approved in 2023Q2

# 2023Q2 Updates and Successes

## Audit / Compliance Program

### Zero Filers Review

- Continue outreach to nearly 500 remote sellers that have reported \$0 gross sales for CY2022.
- Outreach has proven successful so far with numerous amended returns being filed, and cleanup of unnecessary registrations.

### Exemption Analysis

- Continued work with 5 remote sellers who responded to initial exemption inquiries.
  - One review was closed out, resulting in an audit assessment of \$53k.
  - The remaining 4 respondents are in various stages of awaiting full documentation from the seller.

### Audit

- 14 non-respondents from Exemption analysis project will be subject to full audit.
- Initial audit group of 5 sellers was notified in April.
- Documentation from all 5 sellers is currently being reviewed by staff.

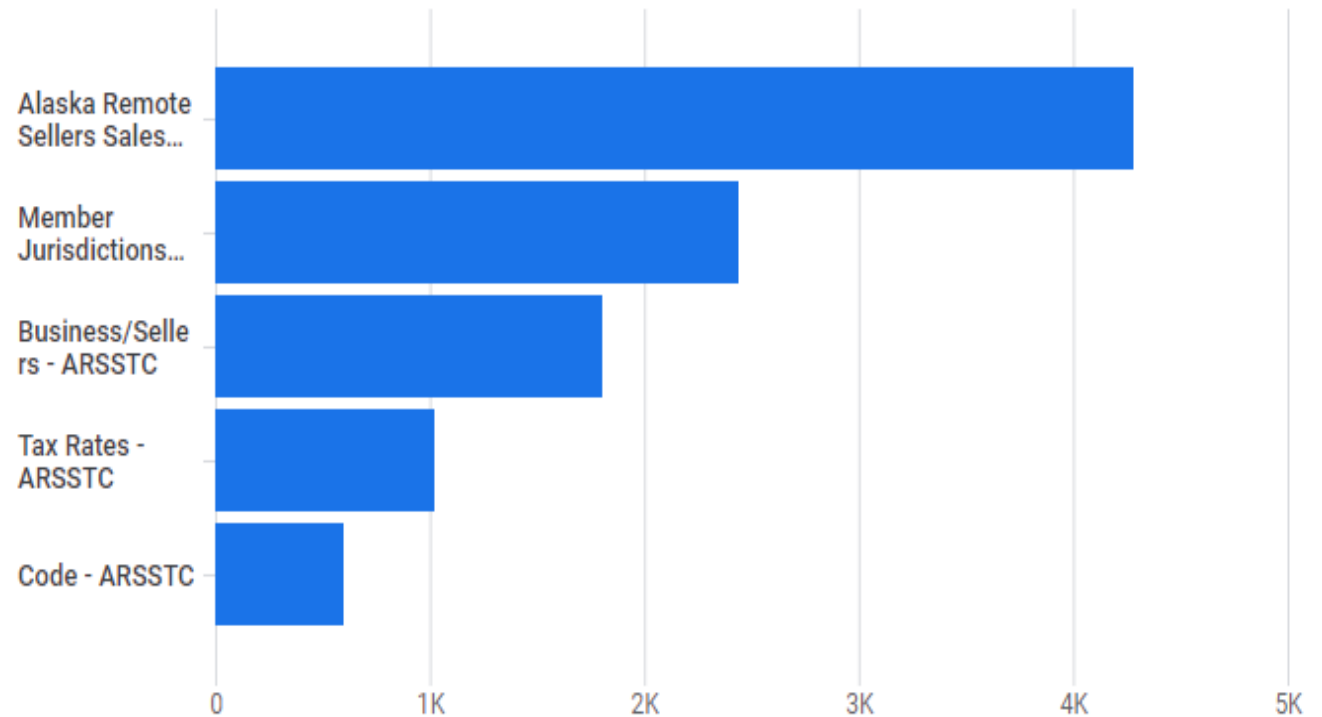


# 2023Q2 Updates and Successes

## Website

- 5,300 visits
  - 13,000 page views
  - 4,900 new users
  - Average engagement time: 1m07s
- Most visited pages in 2023Q2:
  - Member Jurisdictions
  - Business/Sellers
  - Tax Rates
  - Uniform Code
  - FAQ for Sellers
  - Resources

Views by Page title and screen class



# 2023Q2 Updates and Successes

## Program Updates

- Finalized Voluntary Disclosure Agreement, effective 1/1/2023
- Developed reference archive on ARSSTC website for system notifications sent to registered remote sellers
- Audit Program
  - Established process and began conducting audits
- Staff Recruitment
  - Hired Audit/Compliance-specific position
- Seller Registration
  - Continue to see positive growth: over 3,300 sellers registered to date
- Outreach
  - Obtained new “Top 1,000 Online Businesses” list for outreach
  - Forced registration letters sent to multiple large businesses not yet registered
- Tax Conference September 28-29, 2023 (Anchorage, Captain Cook Hotel)

# Program Goals for FY24

- Develop education packet for newly registered remote sellers.
- GovOS:
  - Complete change order for Returned Goods exemption category on filing upload template.
    - First round of testing in July 2023 produced errors that are being fixed for another round of testing.
  - Work with GovOS to improve reporting abilities in system.
  - Begin work on next programming updates for additional improvements.
- Continue registration outreach to Alaskan-based remote sellers, using an industry-specific approach.
- Continue working with jurisdictions to join ARSSTC and adopt Uniform Code.

# ARSSTC Board of Directors

- Brandi Harbaugh – President
  - Kenai Peninsula Borough
- Melissa Haley – Vice President
  - City & Borough of Sitka
- Joan Miller – Treasurer
  - City of Wasilla
- Ruth Kostik – Secretary
  - City & Borough of Juneau
- Libby Bakalar
  - City of Bethel
- Scott Bloom
  - City of Kenai
- Janette Bower
  - City of Soldotna



A close-up photograph of many blueberries, some showing signs of being eaten or damaged, with a white powdery bloom on their surface. The berries are a deep blue color with some lighter, yellowish-green areas where the skin is broken or the bloom is more prominent.

# ARSSTC Committees

## Policy Committee

- Camie Gillen, Petersburg Borough
- Maureen Graham, Chair, City of Wasilla
- Justin Harris, City Borough Sitka
- Lauri Lingafelt, Kenai Peninsula Borough
- Karl Kaufman, Landye Bennett Blumstein
- Mandy Judy, City Borough Juneau
- VACANT

## Finance Committee

- Alexandra Batchelor, City of Bethel
- Raven Hanson, City of Pelican
- Jonathan Kelley, Ketchikan Gateway Borough
- Joan Miller, Chair, City of Wasilla
- Chelsea Sieh, City of Kotzebue
- Jila Stewart, Haines Borough



# Questions?

- Clinton Singletary, AMSTP Program Director  
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- Kara Johnson, AMSTP Program Administrator  
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[kara@akml.org](mailto:kara@akml.org)