

Alaska Remote Seller Sales Tax Commission

1st Quarter 2024 Update and Overview

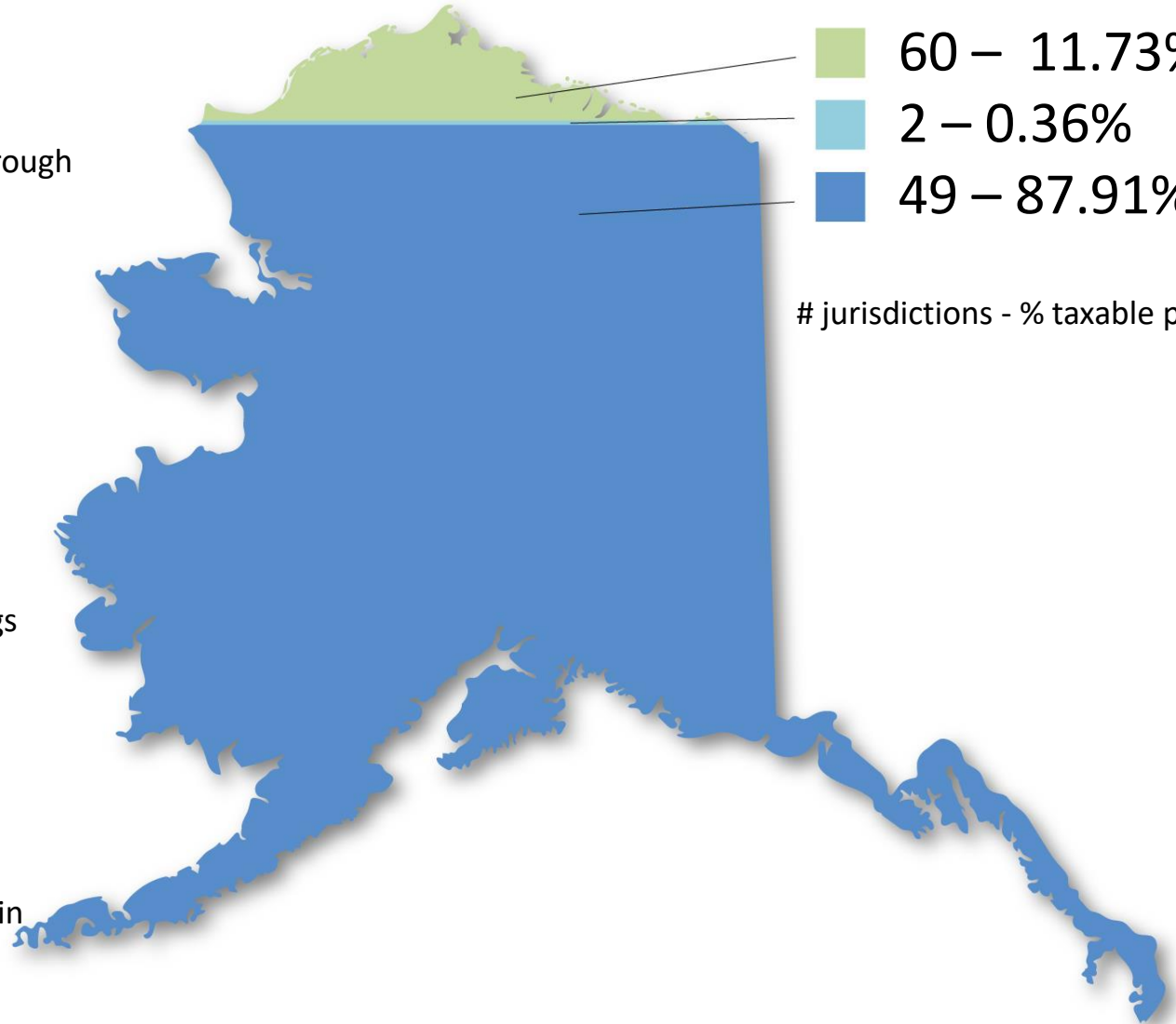
May 23, 2024



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
 Skagway
 Soldotna
 Tenakee Springs
 Thorne Bay
 Togiak
 Toksook Bay
 Unalakleet
 Unalaska
 Wasilla
 White Mountain
 Wrangell
 Yakutat

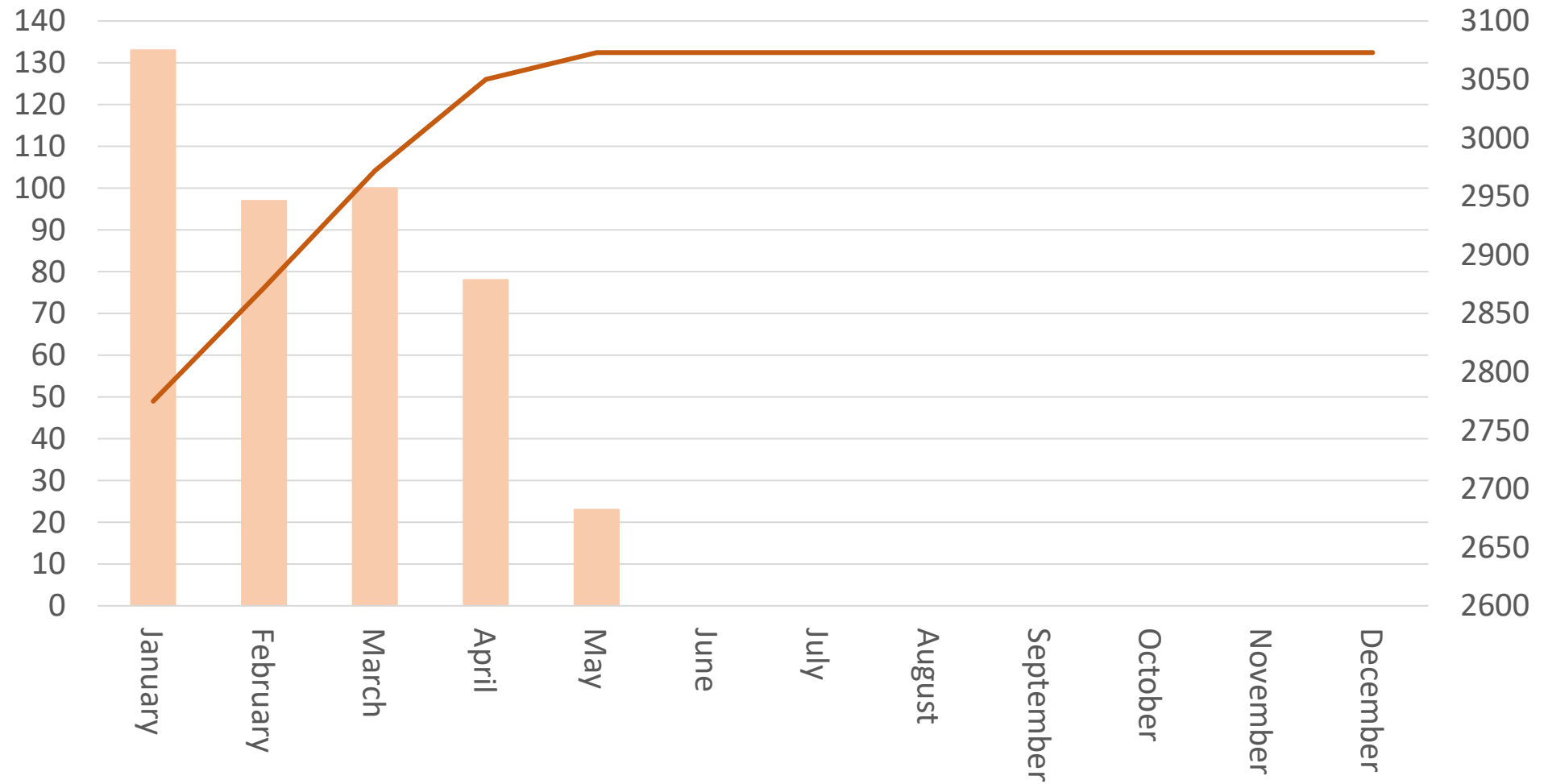


60 – 11.73%
 2 – 0.36%
 49 – 87.91%

jurisdictions - % taxable population

Registered Sellers

2024 to date: 433
2023 Total: 1111
2022 Total: 1131
2021 Total: 776
2020 Total: 589
= 3977 registered sellers



Registered Sellers

Closed in
2023: 299

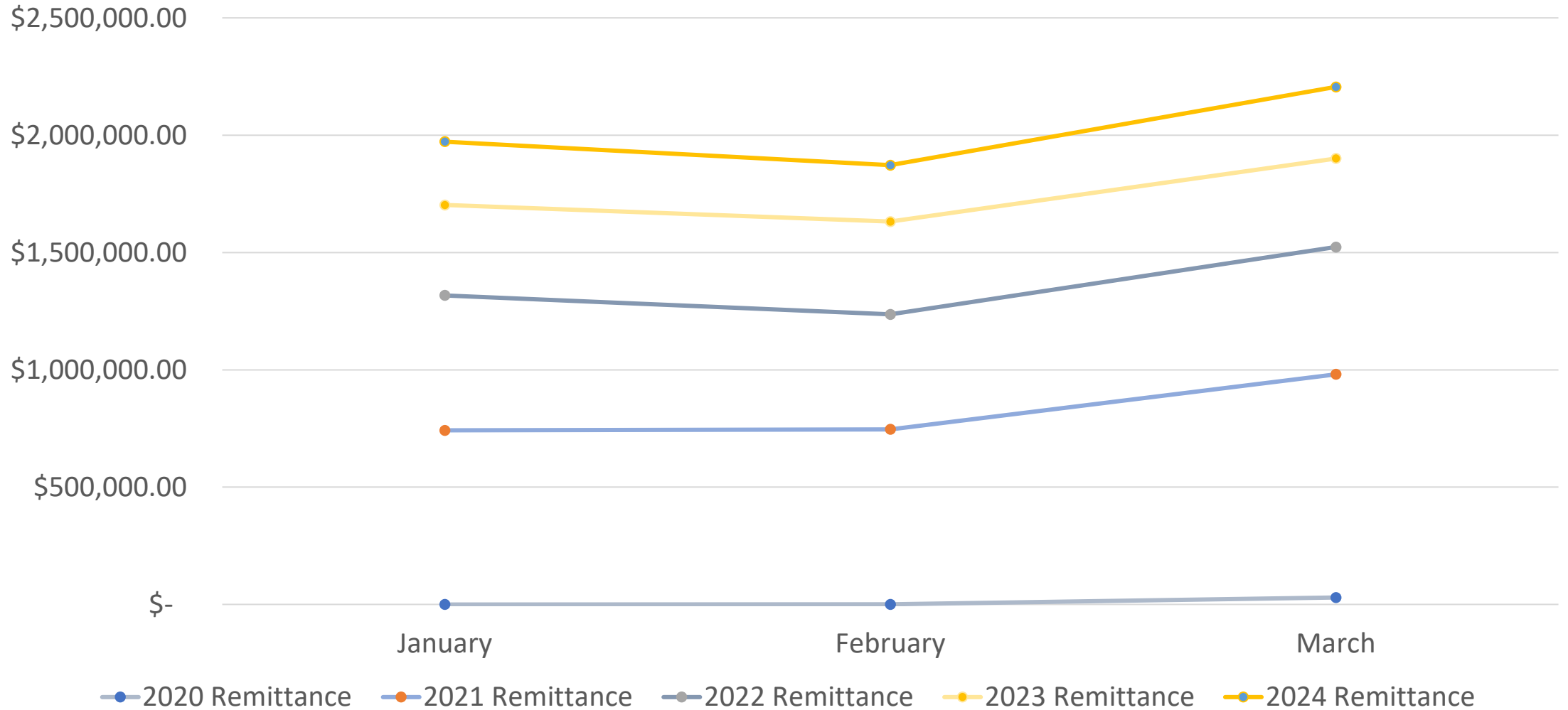
Quarterly
Filers in 2023:
506

Annual Filers
in 2023: 215

Top 20 Sellers for 2024Q1

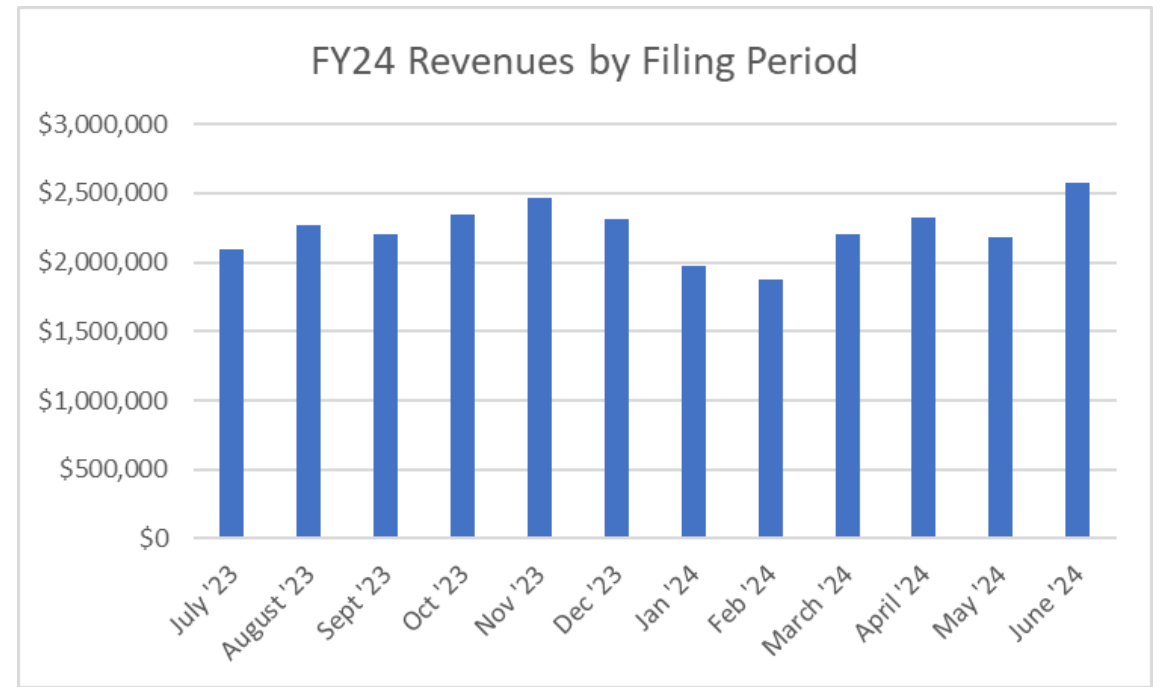
1. Amazon.com Services, LLC (MPF)
2. Apple, Inc.
3. Google, LLC
4. eBay, Inc.
5. Intuit, Inc.
6. Hulu, LLC
7. Microsoft Corporation
8. Whaleco, Inc.
9. Etsy, Inc.
10. GroceryWorks.com
11. *Ash Grove Cement Company*
12. *Grammarly, Inc.*
13. Stitch Fix, Inc.
14. Recreational Equipment, Inc.
15. Target Corporation
16. *Spotify USA, Inc.*
17. *Adobe, Inc.*
18. Walmart.com USA, LLC
19. Disney Platform Distribution, Inc.
20. *Sysco Seattle, Inc.*

2024Q1 Sales Tax Revenue (by filing period)

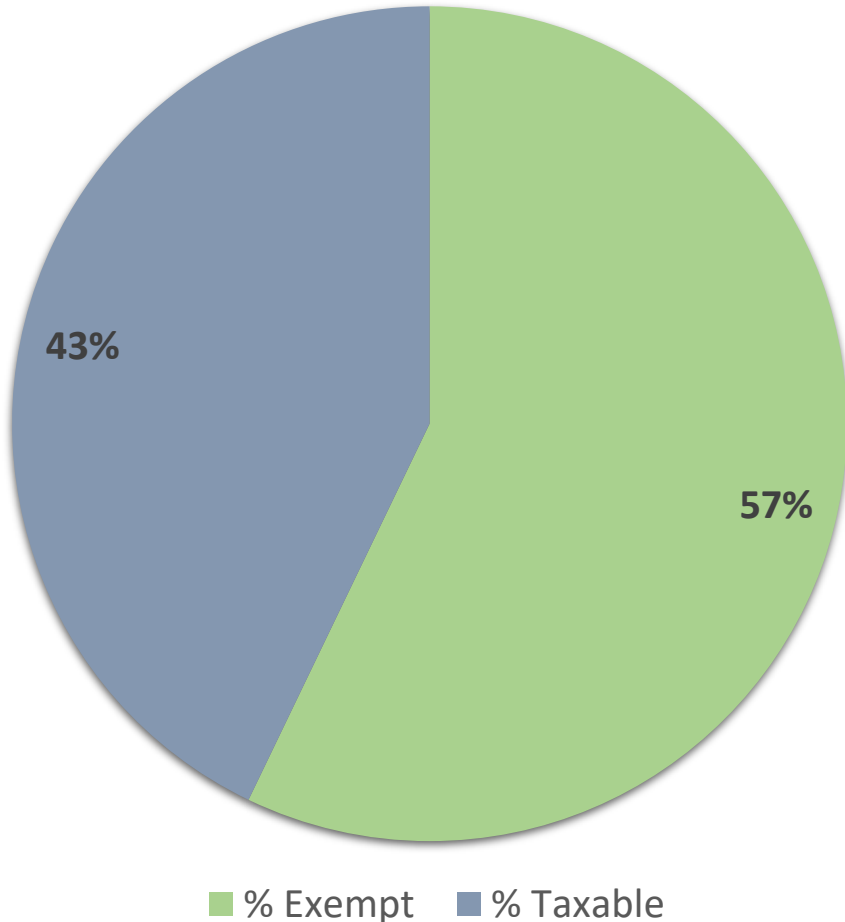
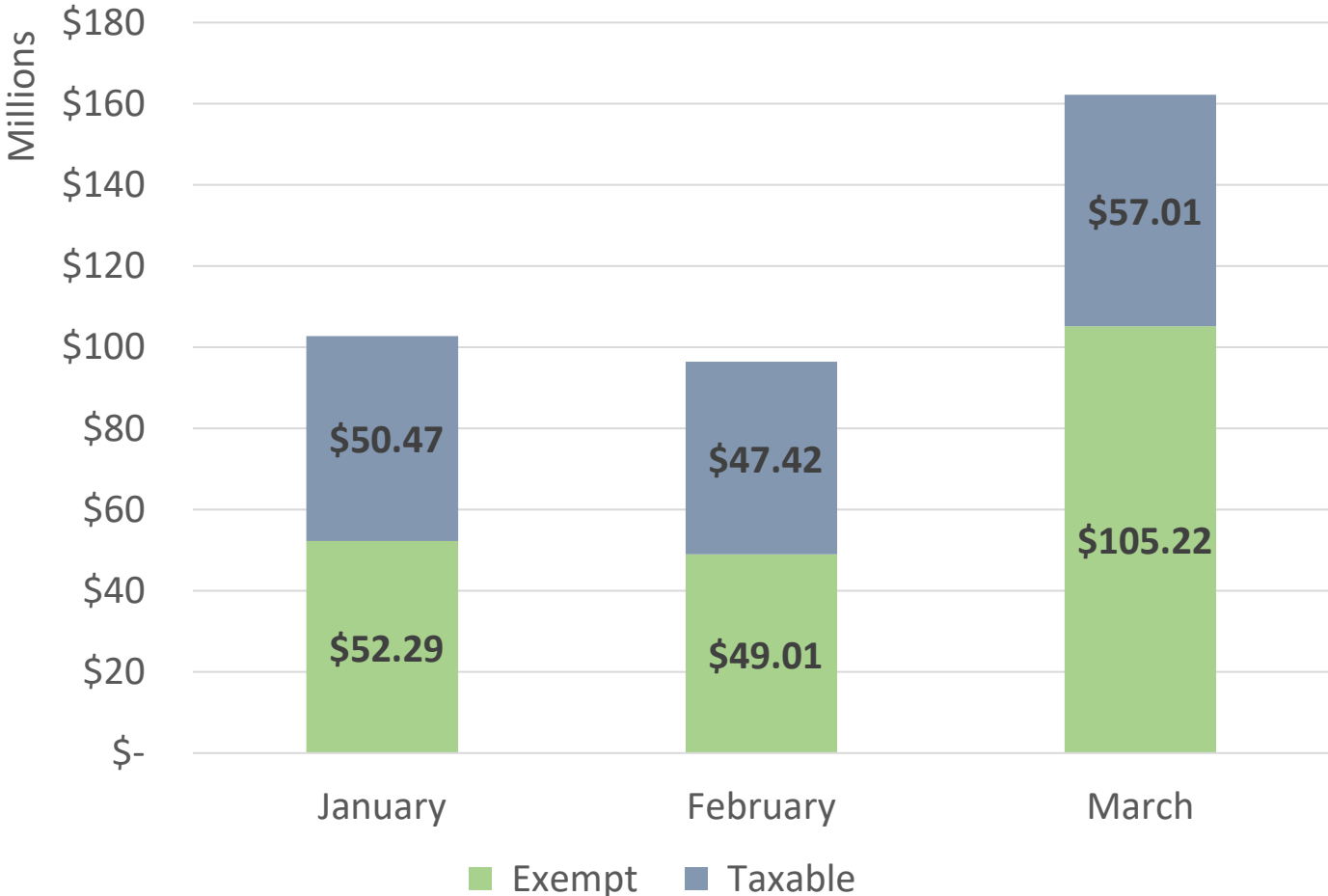


FY24 Revenue Projections

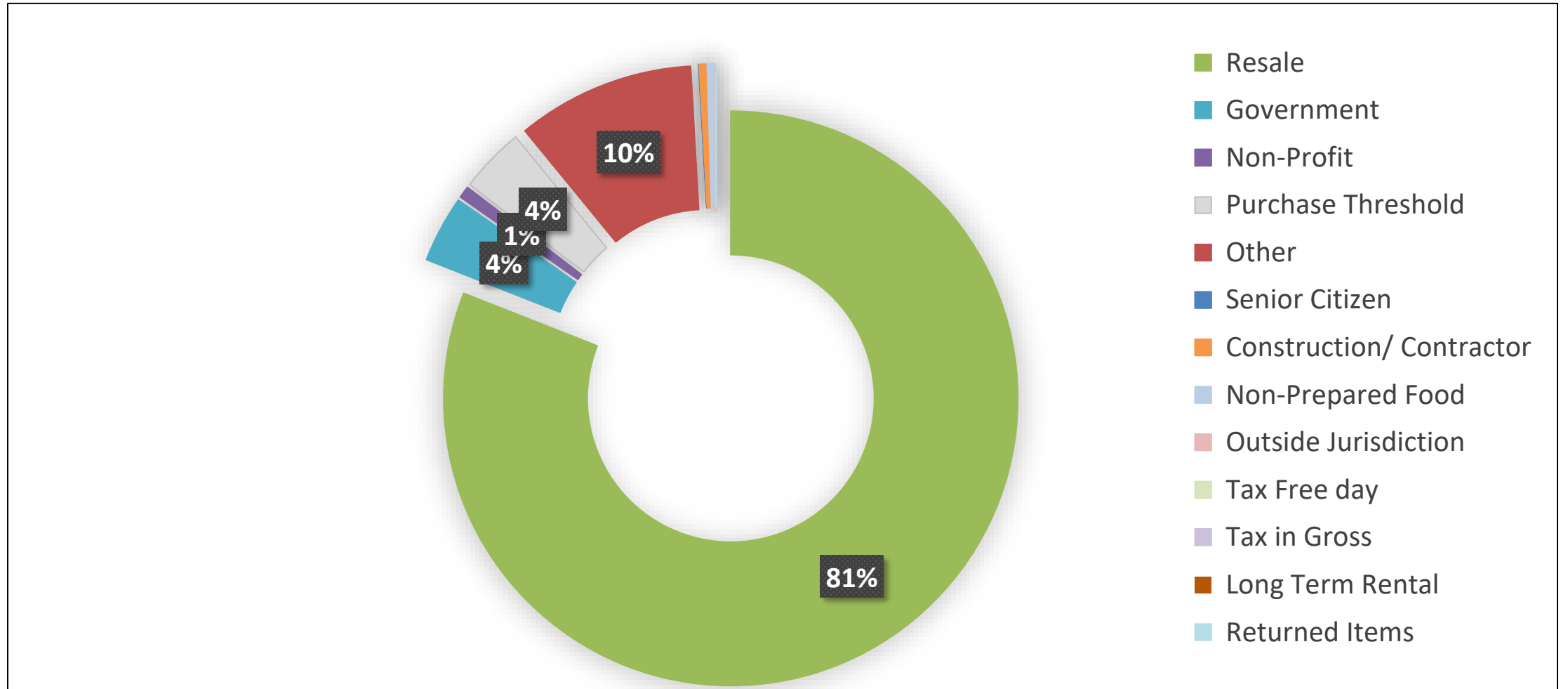
Filing Period	FY24 Revenues	
July '23	\$2,095,195	<i>actual</i>
August '23	\$2,265,850	<i>actual</i>
Sept '23	\$2,208,385	<i>actual</i>
Oct '23	\$2,345,041	<i>actual</i>
Nov '23	\$2,464,346	<i>actual</i>
Dec '23	\$2,309,810	<i>actual</i>
Jan '24	\$1,972,549	<i>actual</i>
Feb '24	\$1,872,142	<i>actual</i>
March '24	\$2,205,767	<i>actual</i>
April '24	\$2,320,155	<i>projections</i>
May '24	\$2,186,509	<i>projections</i>
June '24	\$2,580,625	<i>projections</i>
FY24 projection	\$26,826,373	



2024Q1 Exempt versus Net Taxable (by filing period)



2024Q1 Sales Tax Exemption Breakdown



ARSSTC Member Fees

- The ARSSTC fee rate is set at 2.25% for the remainder of FY24 and heading into FY25.
- We renegotiated the ATR (formerly TTR) fee which is now a flat annual fee but is collected from members at the rate of 1.7%.
- GovOs fee increased to fee Tier 1 on January 1, 2024.
- We anticipate reaching \$10 million in sales tax revenue in May 2024 which will bring us to fee Tier 2.
- We anticipate reaching \$20 million in late 2024 which will bring us to the lowest fee, Tier 3.

ARSSTC Member Fees

Tier 1
(\$0 - \$10M)

- GovOS: 12%
- ATR: 1.7%
- ARSSTC: 2.25%
- **Tier 1 total fees: 15.95%**

Tier 2
(\$10M - \$20M)

- GovOS: 8%
- ATR: 1.7%
- ARSSTC: 2.25%
- **Tier 2 total fees: 11.95%**

Tier 3
(\$20M - \$30M)

- GovOS: 4%
- ATR: 1.7%
- ARSSTC: 2.25%
- **Tier 3 total fees: 7.95%**

2024Q1 Updates and Successes

ATR

- Assisted new members to finalize accurate exemption matrices
 - Galena
- Renegotiated contract for tax map
- Updated tax map to include ARSSTC logo on printout of export
- Adjusted tax map for seasonal tax rates for Ketchikan City, Seldovia, Skagway, and Sitka
- Assisting ARSSTC staff to identify and contact Avalara clients that are remote sellers but reporting sales directly to jurisdictions

Save the filings you physically receive from remote sellers; scan and send them to us, once a month

2024Q1 Updates and Successes

GovOS

- Researched and corrected report discrepancies in system
- Assisted staff with combining data from different reports for jurisdiction requests
- Assisted in monthly adjustments:
 - correcting payment amounts for ACH Credit transactions (dozens per month)
 - adjustments to vendor fee cap for Kenai Peninsula Borough and nested cities (multiple businesses)
 - processing refund requests from sellers (overpayments, double payments, amendments)
 - processing small balance write-offs (monthly task for multiple businesses)
- Continued QA testing on Returned Goods deduction change order
- Developing new report enabling staff to more readily view gross and exempt sales; jurisdiction or business specific searches
- Working on adding alternate email for notifications
- Developing process to accept excess tax on a community-specific basis

A photograph of the Aurora Borealis (Northern Lights) over a dark landscape with mountains and a body of water. The lights are primarily green and purple, reflecting on the water. A large white semi-circle is on the right side of the image, containing text.

2024Q1 Membership

- New Members to ARSSTC
 - None in 2024Q1
- Adopted and Implemented Uniform Code
 - Skagway

2024Q1

ARSSTC Meetings

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

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

Board Meetings

- Met in January, February
- Renewed AML/ARSSTC service agreement
- Election of Board officers
- Approved revision of Interpretation 2021.05 Remote Services
- Reviewed FY24 Budget
- Updated on Uniform Remote Seller Code working group

Finance Committee Meetings

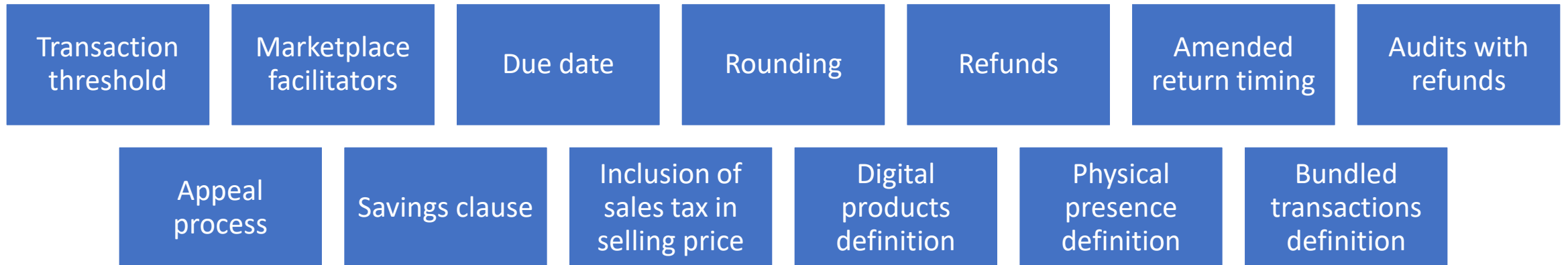
- Did not meet in Quarter 1

Policy Committee Meetings

- Met in January
- Revised Interpretation 2021.05 Remote Services
- Discussed revisions of Uniform Remote Seller Code
- Discussed marketplace facilitators that represent physical presence services

Uniform Remote Sales Tax Code Revisions

- Group of 18 municipal representatives met four times in 2024Q1
- Discussed following topics
- Revised draft sent to jurisdictions for feedback
- Board to approve changes at future meeting
- Code adoption “resolution/ordinance” versus “by reference”



2024Q1 Updates and Successes

General Guidance

- No guidance in 2024Q1

Updates to Sales Tax Rules

- Seasonal sales tax notice for Ketchikan City, Seldovia, Sitka, and Skagway

Interpretations

- No interpretations approved in 2024Q1

2024Q1 Updates and Successes

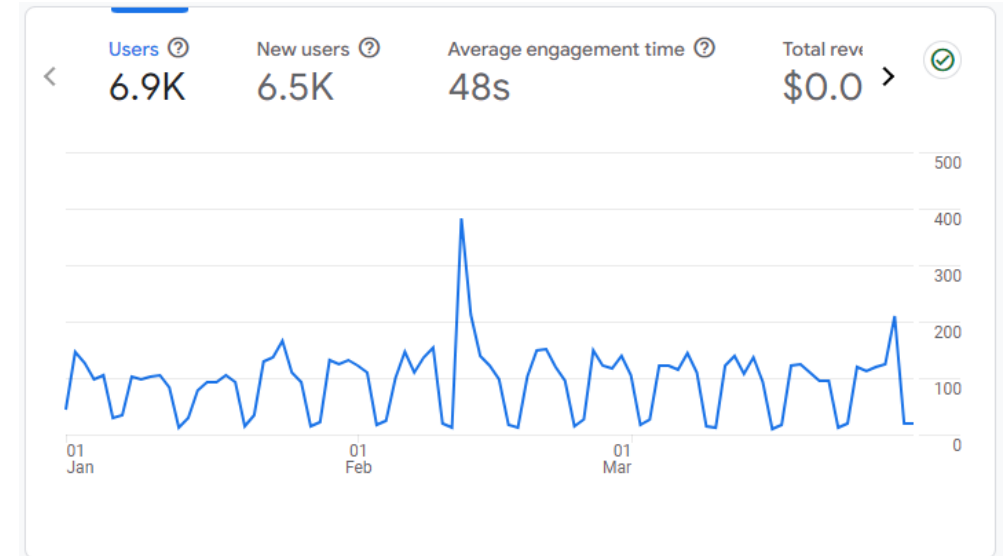
Staff / Procedures

- Established procedures for processing backfilings and amended returns when completed via third parties and paid via ACH credit (payments do not include fees, penalties, and interest)
- Working on finding contact information for invalid account emails and returned mail
- Working on improving financial reporting for Board reports
- Working on developing automated tools to help with reconciliation

2024Q1 Updates and Successes

Website

- 6,900 visits
 - 6,500 new users
 - Average engagement time: 0m48s
 - Since last year: more users, shorter engagement time
- Most visited pages:
 - Member Jurisdictions
 - Tax Rates
 - Business/Sellers
 - FAQs for Sellers
 - Exemption Certificate Directory



COUNTRY	USERS
United States	6K
India	139
China	96
Canada	77
Netherlands	69
United Kingdom	57
France	54

2024Q1 Updates and Successes

Compliance Program

New Business Outreach

- Continue to reach out to national remote sellers for registration
 - 68 businesses contacted
 - 12 escalated demand for response letters
 - 7 forced registration demand letters sent

VDA Program


- 6 applicants in 1st quarter
- \$14k revenue paid by 1st quarter VDA applicants

Zero Filer Outreach

- Eight sellers filed amendments to correct erroneous zero filings
- Total of \$50k in revenue received from the amendments

Compliance Progression for Seller Registration

General letter (3 times): registration requirements, notify us if don't qualify, register if do



Demand letter, certified mail (1 time)



Notice of Forced Registration (1 time), certified



Forced registration



Estimated assessments

2024Q1 Updates and Successes

Audit Program

Zero Filers Review

- Finalizing outreach for 2022 \$0 filers (~500 businesses) and began outreach for 2023 \$0 filers (~650 businesses)
- Outreach has been successful with amended returns, helping businesses to correct setup in third party tax software, and cleanup of unnecessary registrations
 - Amended returns to correct filings brought in over \$50k in 1st quarter

Exemption Analysis

- Contacted 17 business with questionable exemption reporting for a targeted review.
 - 16 businesses responded to initial inquiry providing requested documentation.
 - 6 of these have been closed out, resulting in approx. \$35k in assessments.
 - 8 respondents required no additional action, other than correction to future reporting practices.
 - 2 respondents are still being reviewed with an assessment likely.
 - The remaining non-respondent is being contacted through a different means.

Program Goals for CY24

- Develop education packet for newly registered remote sellers
- Develop video tutorials for seller registration, user interface, filings, amendments
- GovOS:
 - Complete change order for Returned Goods exemption category on filing upload template
 - Multiple rounds of testing continue to produce errors
 - Continue work with GovOS to improve reporting abilities in system
 - Planning for next round programming updates for additional improvements
- Continue registration outreach to Alaskan-based remote sellers, targeting professional service providers
- Continue outreach to national remote sellers for registration compliance
- Continue working with jurisdictions to join ARSSTC and adopt Uniform Code
- Develop in-house training material to increase staff understanding of municipal sales tax

ARSSTC Board of Directors

- Brandi Harbaugh – President
 - *Kenai Peninsula Borough*
- Layton Lockett – Vice President
 - *City of Adak*
- Ruth Kostik – Treasurer
 - *City & Borough of Juneau*
- Scott Bloom – Secretary
 - *City of Kenai*
- Libby Bakalar
 - *City of Bethel*
- Melissa Haley
 - *City & Borough of Sitka*
- Cassee Olin
 - *City of Wasilla*

ARSSTC Committees

Policy Committee

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

Finance Committee

- Alexandra Batchelor, *City of Bethel*
- Raven Hanson, *City of Pelican*
- Jonathan Kelley, *Ketchikan Gateway Borough*
- Ruth Kostik, Chair, *City & Borough of Juneau*
- Chelsea Sieh, *City of Kotzebue*
- Jila Stuart, *Haines Borough*

Questions?

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