

Alaska Remote Seller Sales Tax Commission

2nd Quarter 2024 FY24 Update and Overview

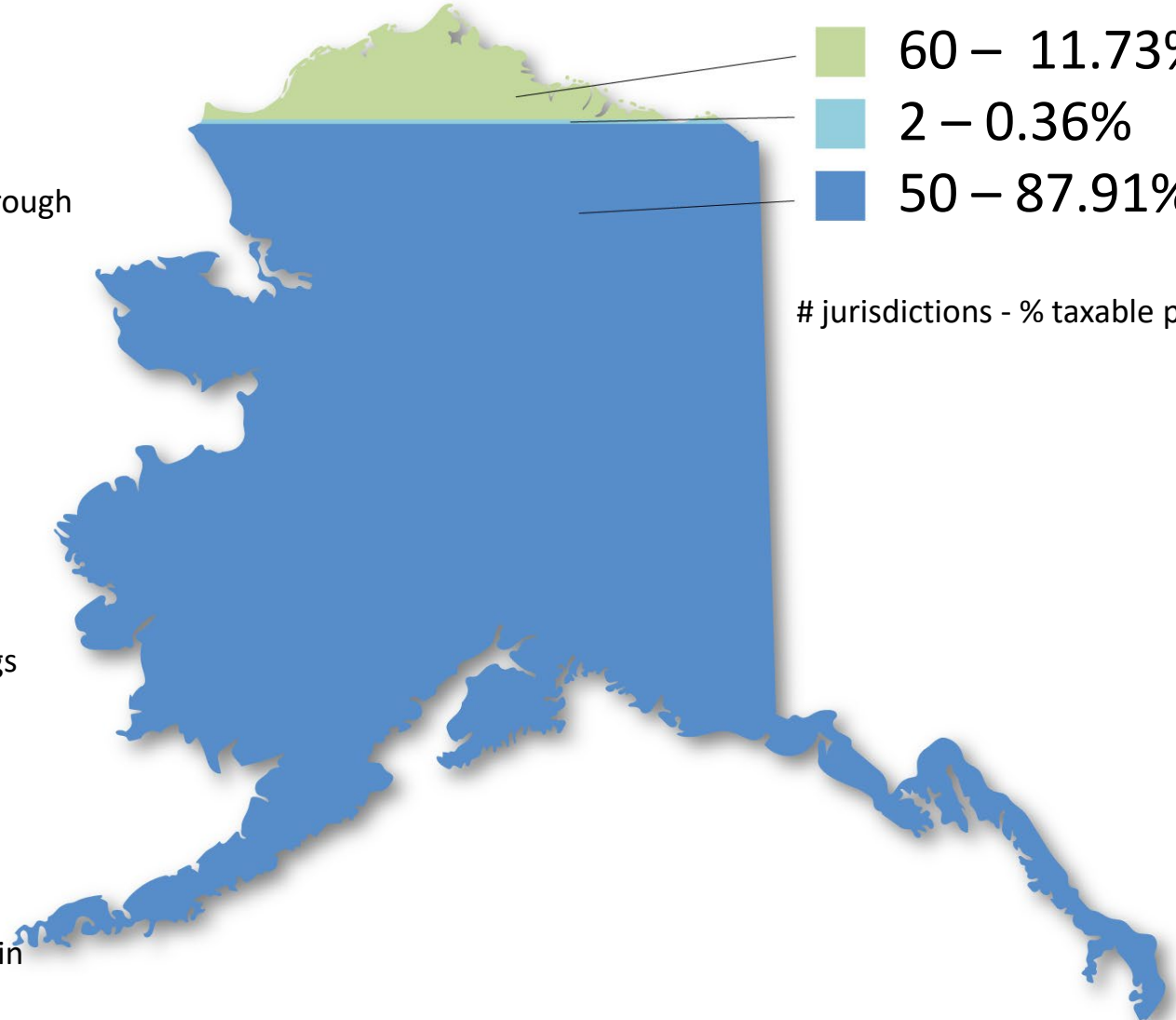
August 29, 2024



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)
 Mekoryuk
 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

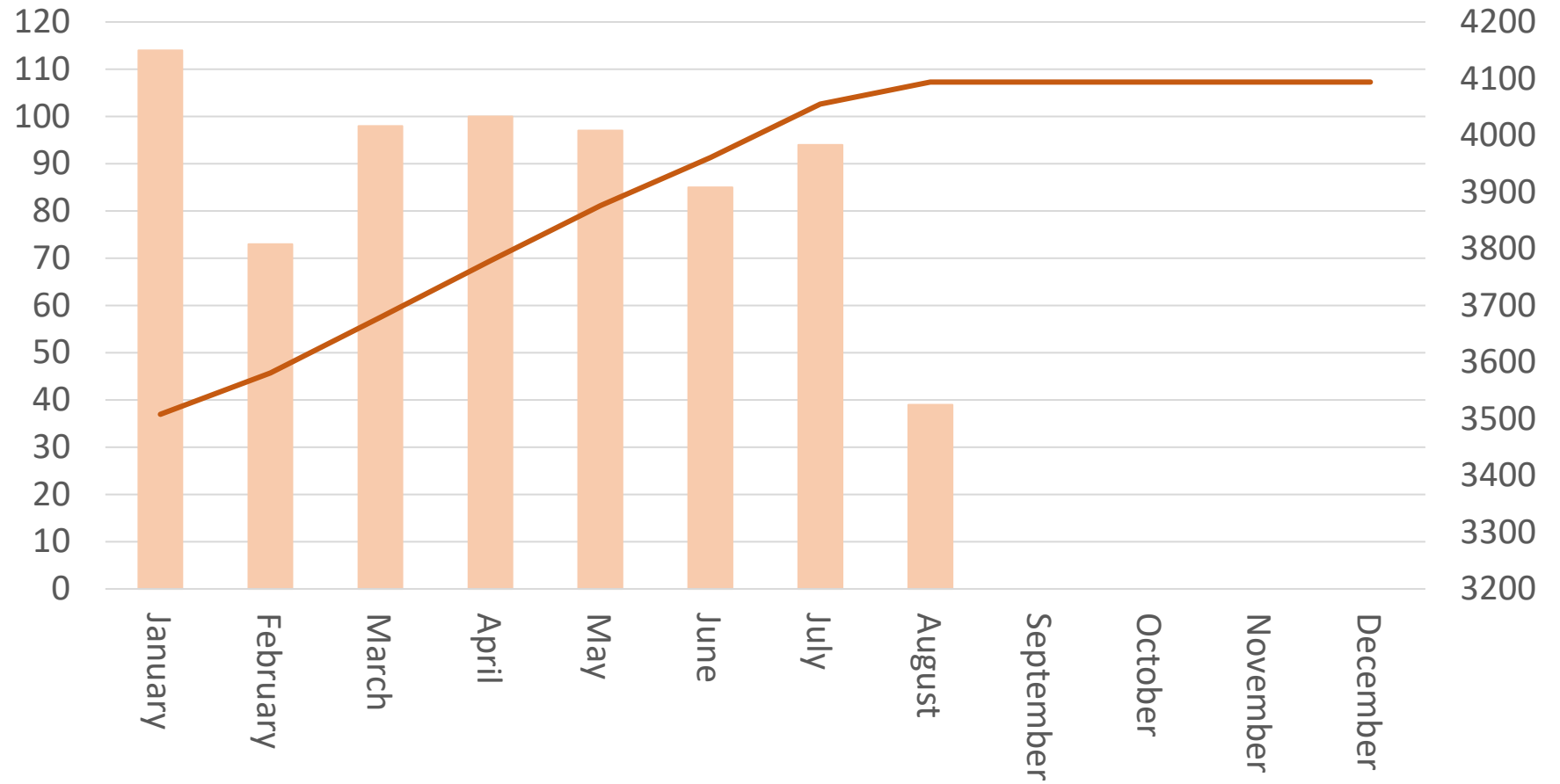


60 – 11.73%
 2 – 0.36%
 50 – 87.91%

jurisdictions - % taxable population

Registered Sellers

2024 to date: 700
2023 Total: 1043
2022 Total: 1084
2021 Total: 691
2020 Total: 574
= 4094 registered sellers



Top 20 Sellers for 2024Q2

1. Amazon.com Services, LLC (MPF)
2. Apple, Inc.
3. Google, LLC
4. *SHEIN US Services, LLC*
5. eBay, Inc.
6. *Nintendo of America, Inc.*
7. *Meta Platforms, Inc.*
8. Intuit, Inc.
9. Hulu, LLC
10. Microsoft Corporation
11. Whaleco, Inc.
12. Spotify USA, Inc.
13. Etsy, Inc.
14. *US Foods, Inc.*
15. GroceryWorks.com
16. Sysco Seattle, Inc.
17. Ash Grove Cement Company
18. *Liquor Stores USA North, Inc.*
19. Recreational Equipment, Inc.
20. *Space Exploration Technology Corp.*

Top 20 Sellers for FY24

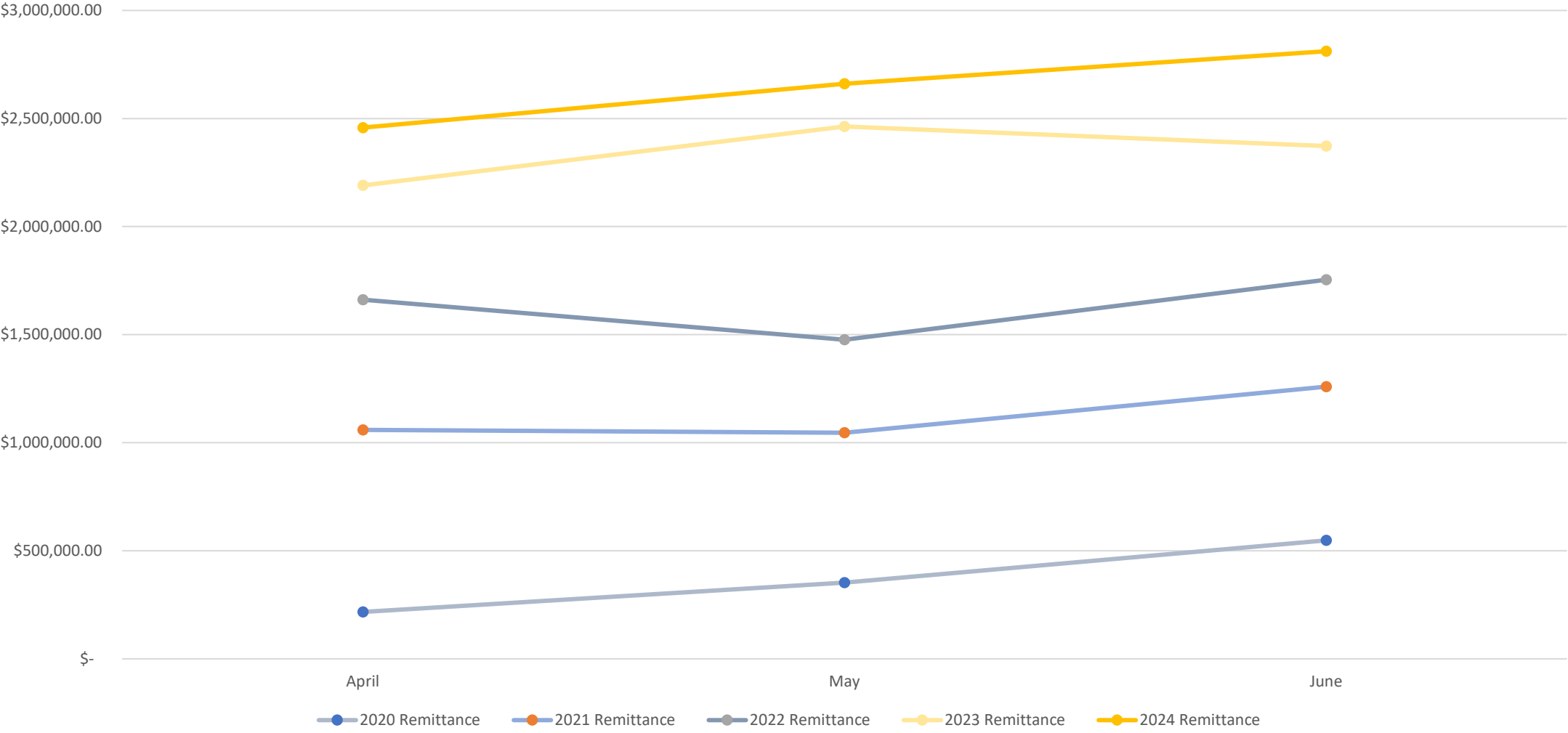
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5. Hulu, LLC
6. Intuit, Inc.
7. Microsoft Corporation
8. Whaleco, Inc.
9. SHEIN US Services, LLC
10. Etsy, Inc.
11. GroceryWorks.com
12. Nintendo of America, Inc.
13. Adobe, Inc.
14. Spotify USA, Inc.
15. Recreational Equipment, Inc.
16. Meta Platforms, Inc.
17. Papaya Gaming, Inc.
18. Stitch Fix, Inc.
19. Ash Grove Cement Company
20. Cisco Systems, Inc.

Top 20 Business Comparison

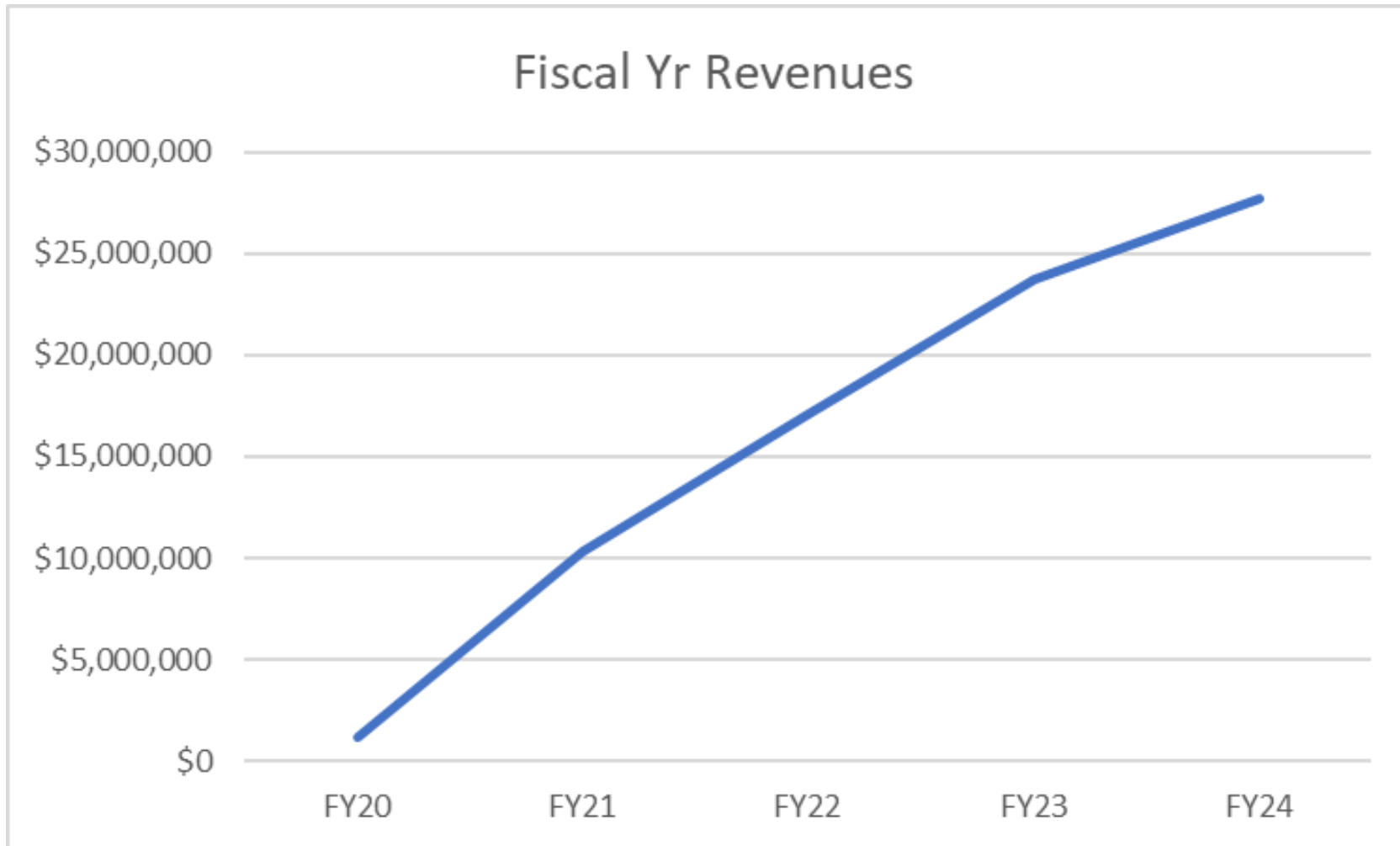
Year	2023	2024
Total 2Q Revenue:	\$ 7,026,416	\$ 7,930,803
Revenue from Top 20:	\$ 4,642,294	\$ 5,328,707
Top 20 as % of Revenue:	66.07%	67.19%

Fiscal Year	2023	2024
Total Revenue:	\$ 23,725,829	\$ 27,669,887
Revenue from Top 20:	\$ 15,375,587	\$ 17,208,154
Top 20 as % of Revenue:	64.81%	62.19%

2024Q2 Sales Tax Revenue (by year)

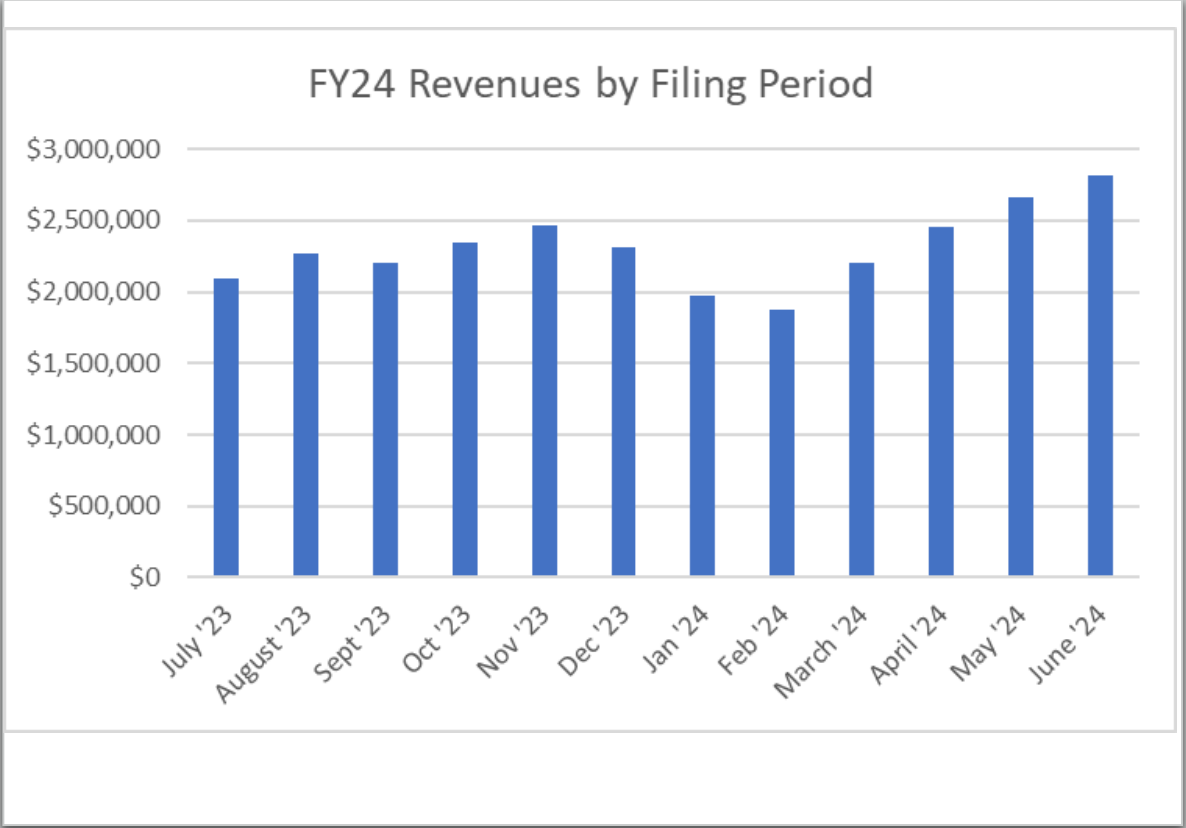


Tax Revenue Over the Years



FY24 Revenues

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	\$2,457,945	<i>actual</i>
May '24	\$2,660,669	<i>actual</i>
June '24	\$2,812,188	<i>actual</i>
FY24 Revenues	\$27,669,886	



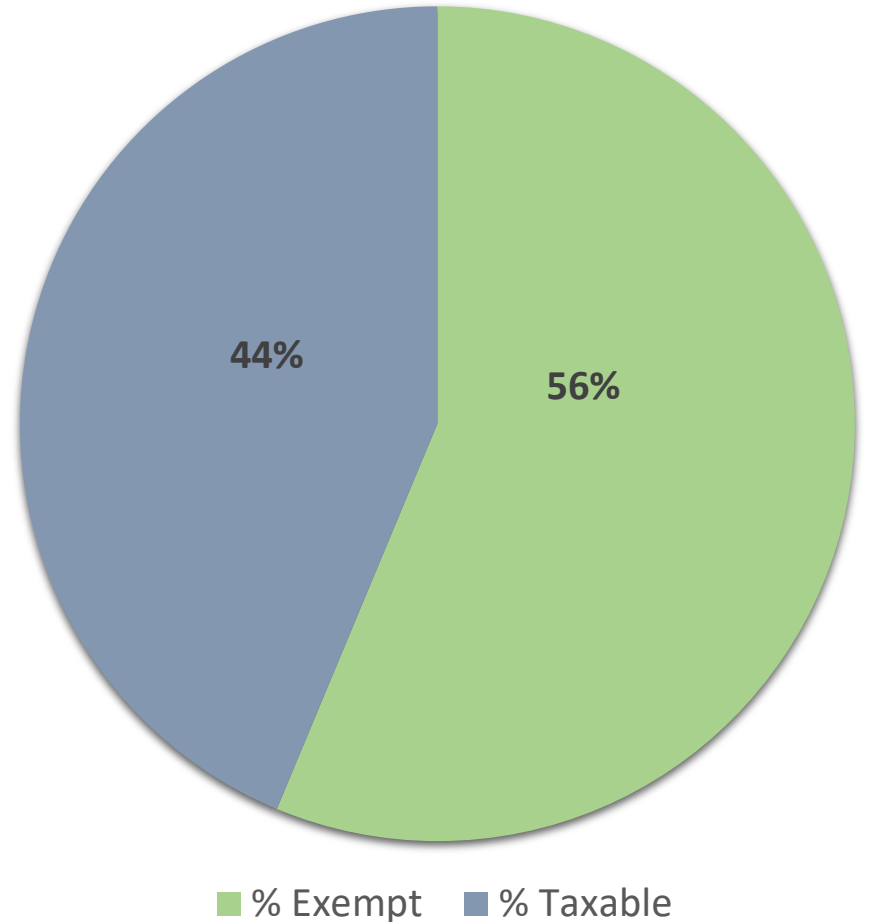
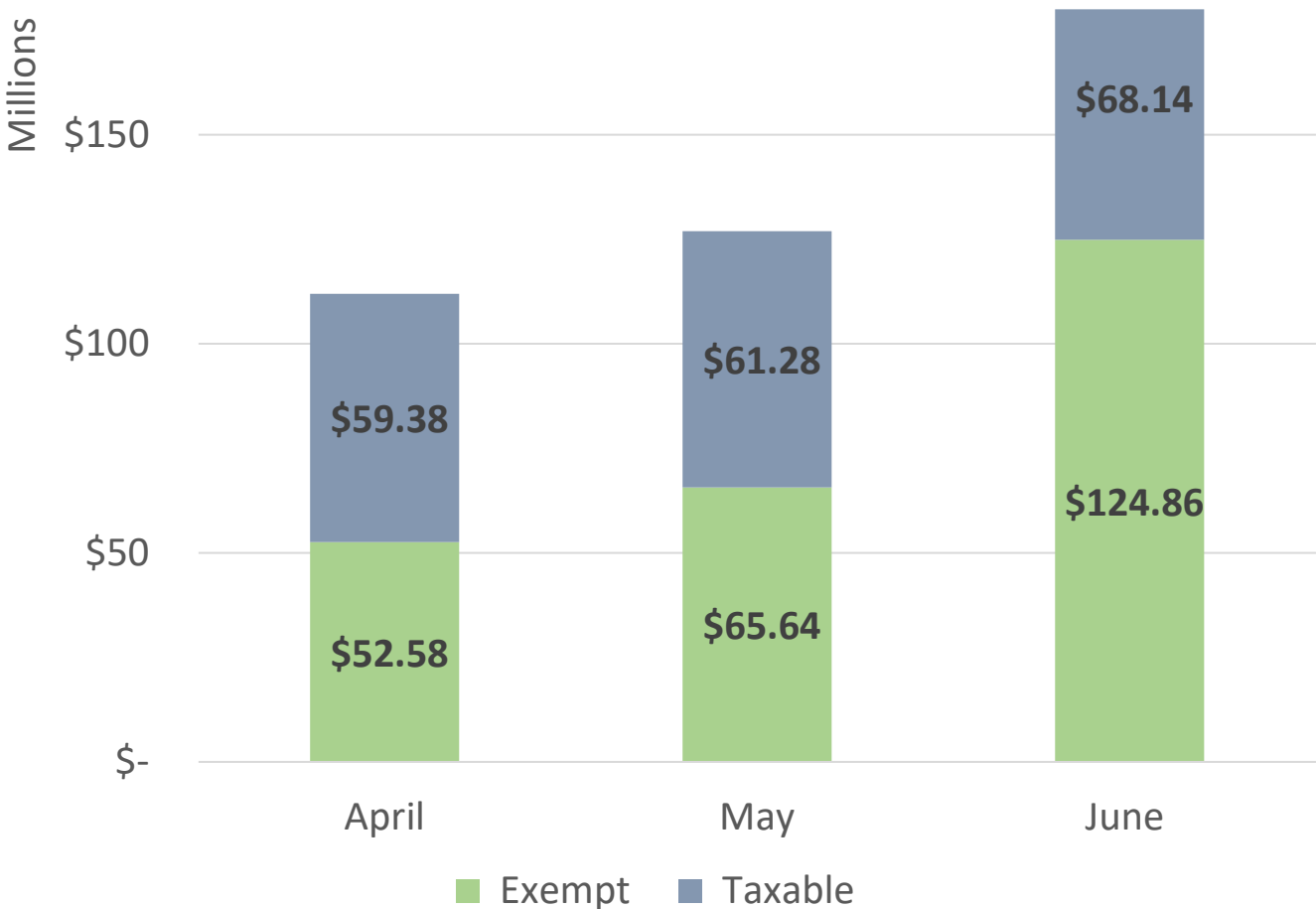
Sales Tax Revenue by Jurisdiction

FY23 vs FY24

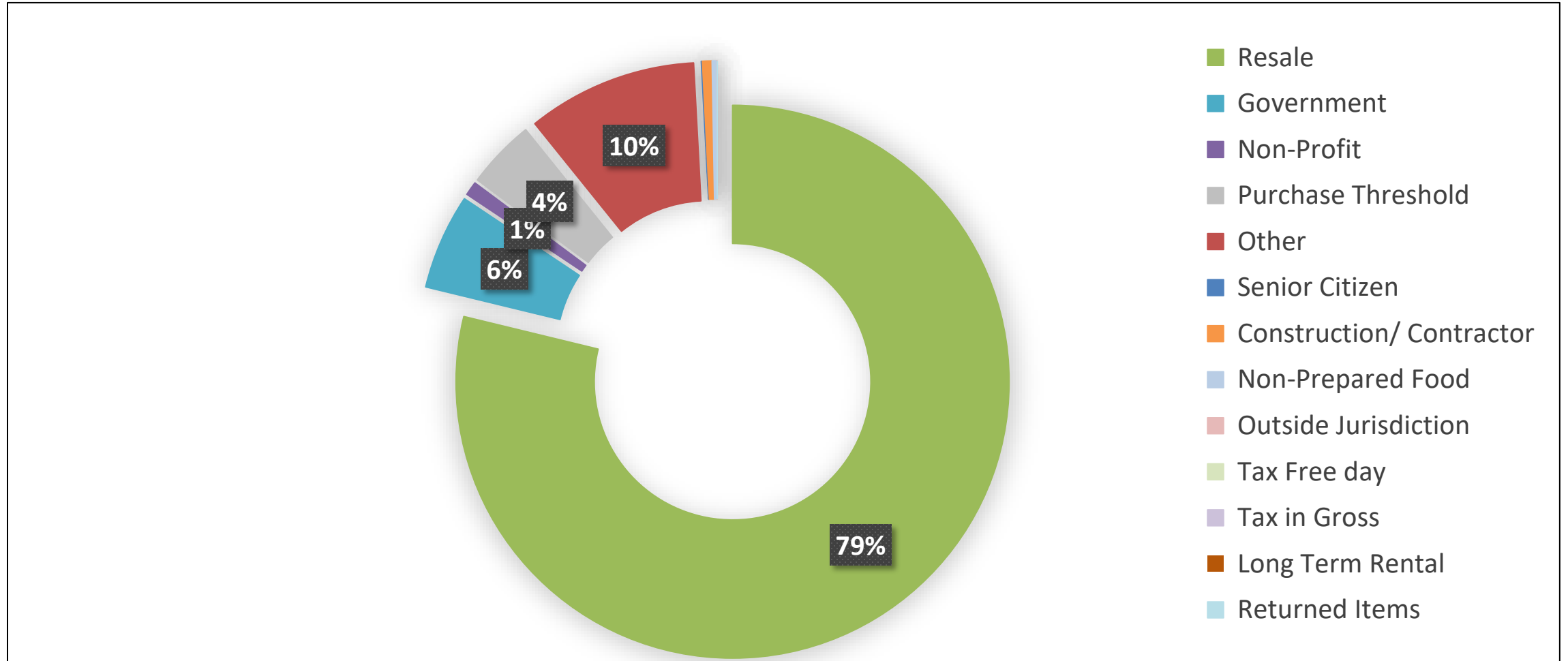
Jurisdiction	FY23/FY24 \$ Chg	FY23/FY24 % Chg
Adak	\$ 12,368	40.1%
Aleknagik	\$ 12,493	54.0%
Anchorage Alcoholic Beverage Tax	\$ (8,545)	-41.3%
Aniak	\$ 6,999	38.7%
Bethel	\$ 195,157	22.3%
Cordova	\$ 71,434	17.4%
Craig	\$ 39,972	14.9%
Dillingham	\$ 17,198	3.4%
Excursion Inlet	\$ 25,478	141.1%
Galena	\$ 14,294	85.3%
Gustavus	\$ 8,301	10.5%
Haines	\$ (5,950)	-1.4%
Homer	\$ 64,043	7.0%
Houston	\$ 72	0.2%
Juneau	\$ 956,102	23.2%
Kenai	\$ 88,444	14.5%
Kenai Peninsula Borough	\$ 602,663	17.3%
Ketchikan	\$ 153,951	13.3%
Ketchikan Gateway Borough	\$ 160,908	17.8%
Kodiak	\$ 100,844	7.3%
Kotzebue	\$ (6,312)	-2.0%
Mountain Village	\$ 2,206	8.2%
Nenana	\$ 5,341	15.9%
Nome	\$ 15,574	2.5%
North Pole	\$ 128,174	17.9%

Jurisdiction	FY23/FY24 \$ Chg	FY23/FY24 % Chg
Ouzinkie	\$ (3,936)	-21.1%
Palmer	\$ 229,079	22.5%
Pelican	\$ 4,464	36.3%
Petersburg Borough	\$ 62,010	12.9%
Quinhagak	\$ (7,950)	-25.5%
Saint Paul	\$ (3,327)	-9.9%
Saxman	\$ 22,679	107.4%
Selawik	\$ 6,752	11.8%
Seldovia	\$ 5,704	8.0%
Seward	\$ 42,081	12.2%
Sitka	\$ 124,068	8.7%
Soldotna	\$ 116,703	17.2%
Tenakee Springs	\$ (3,899)	-36.4%
Thorne Bay	\$ 12,275	13.1%
Togiak	\$ (699)	-4.7%
Toksook Bay	\$ (1,445)	-7.7%
Unalakleet	\$ 29,092	75.1%
Unalaska	\$ (74,305)	-19.0%
Wasilla	\$ 280,003	n/a
Wrangell	\$ 36,713	9.1%
Yakutat	\$ (21,754)	-17.9%
Old Harbor	\$ 8,980	n/a
Shungnak	\$ 6,174	n/a
Skagway	\$ 98,756	n/a
White Mountain	\$ 11,312	n/a

2024Q2 Exempt versus Net Taxable (by filing period)

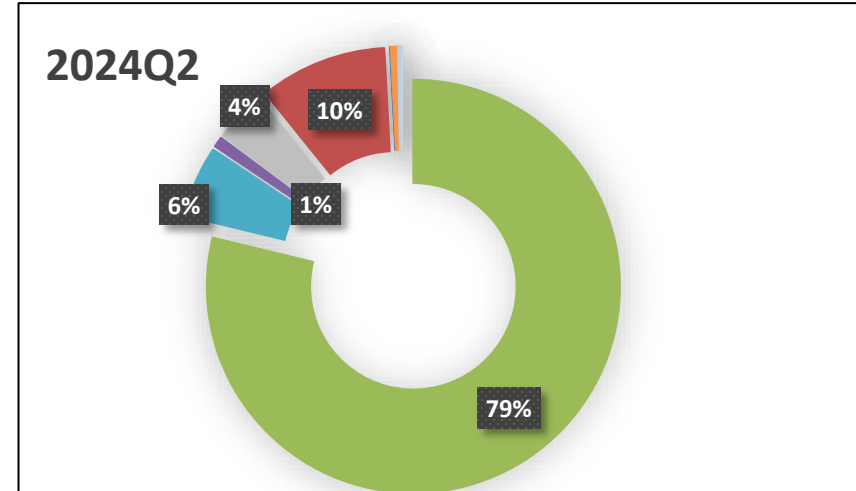
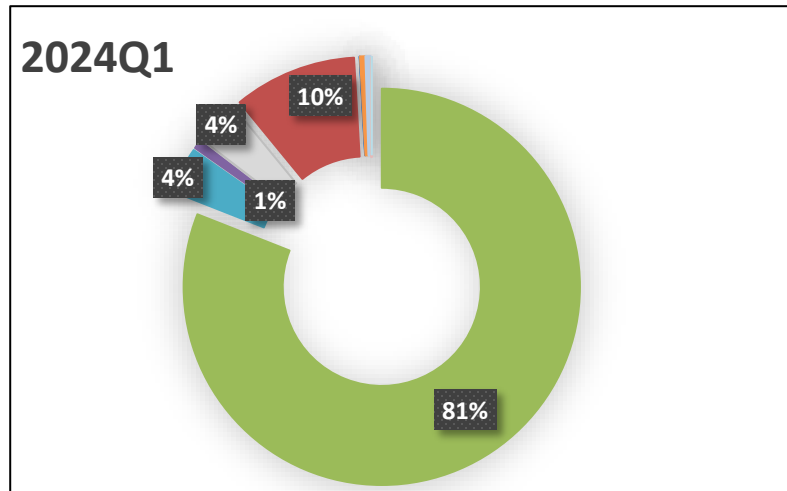
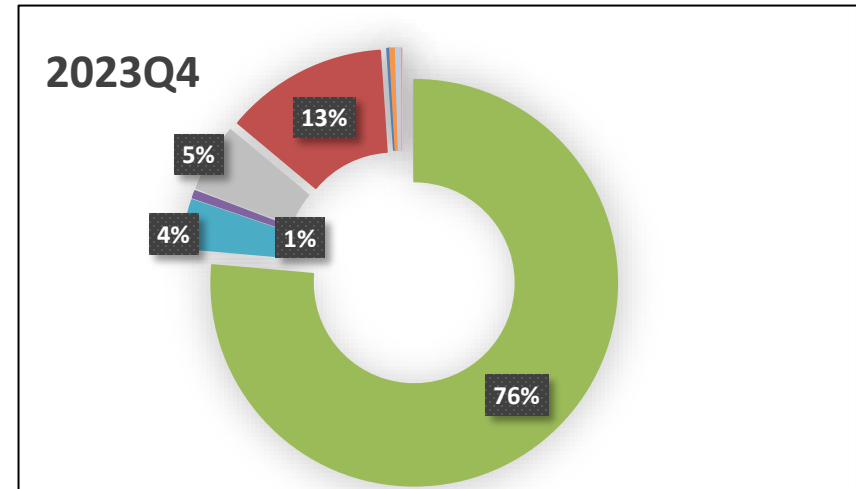
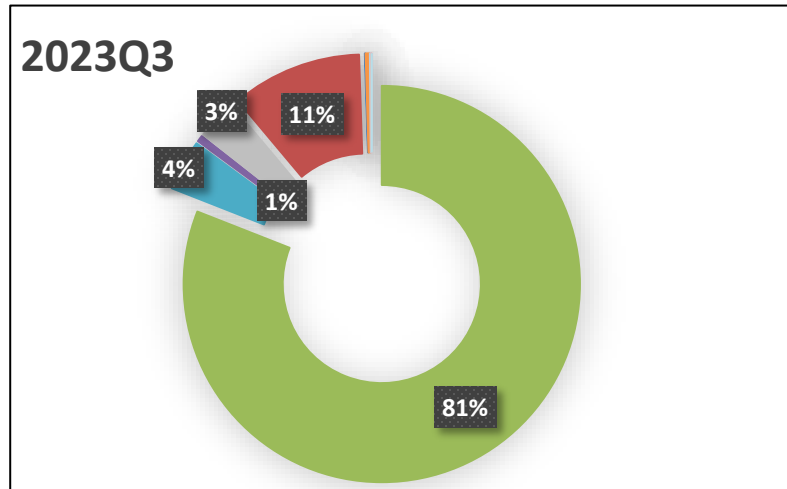


2024Q2 Sales Tax Exemption Breakdown



FY24 Sales Tax Exemption Breakdown

- Resale
- Government
- Non-Profit
- Purchase Threshold
- Other
- Senior Citizen
- Construction/ Contractor
- Non-Prepared Food
- Outside Jurisdiction
- Tax Free day
- Tax in Gross
- Long Term Rental



ARSSTC Member Fees

- ARSSTC reached \$10,000,000 total tax revenue on 5/22/2024
 - GovOS fee decreased from 12% \Rightarrow 8%
- ATR (formerly TTR) fee decreased 1.7% \Rightarrow 1.4%
 - This is due to the renewed contract using an incorrect rate
 - This fee will remain the same amount throughout CY24, regardless of the tier
- The ARSSTC fee rate remained at 2.25%
 - No change expected for FY25
- We anticipate reaching \$20 million in October 2024 which will bring us to the lowest fee, Tier 3

ARSSTC Member Fees CY2024

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

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

Tier 2 (as of 5/22/24)
(\$10M - \$20M)

- GovOS: 8%
- ATR: 1.4%
- ARSSTC: 2.25%
- **Tier 2 total fees: 11.65%**

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

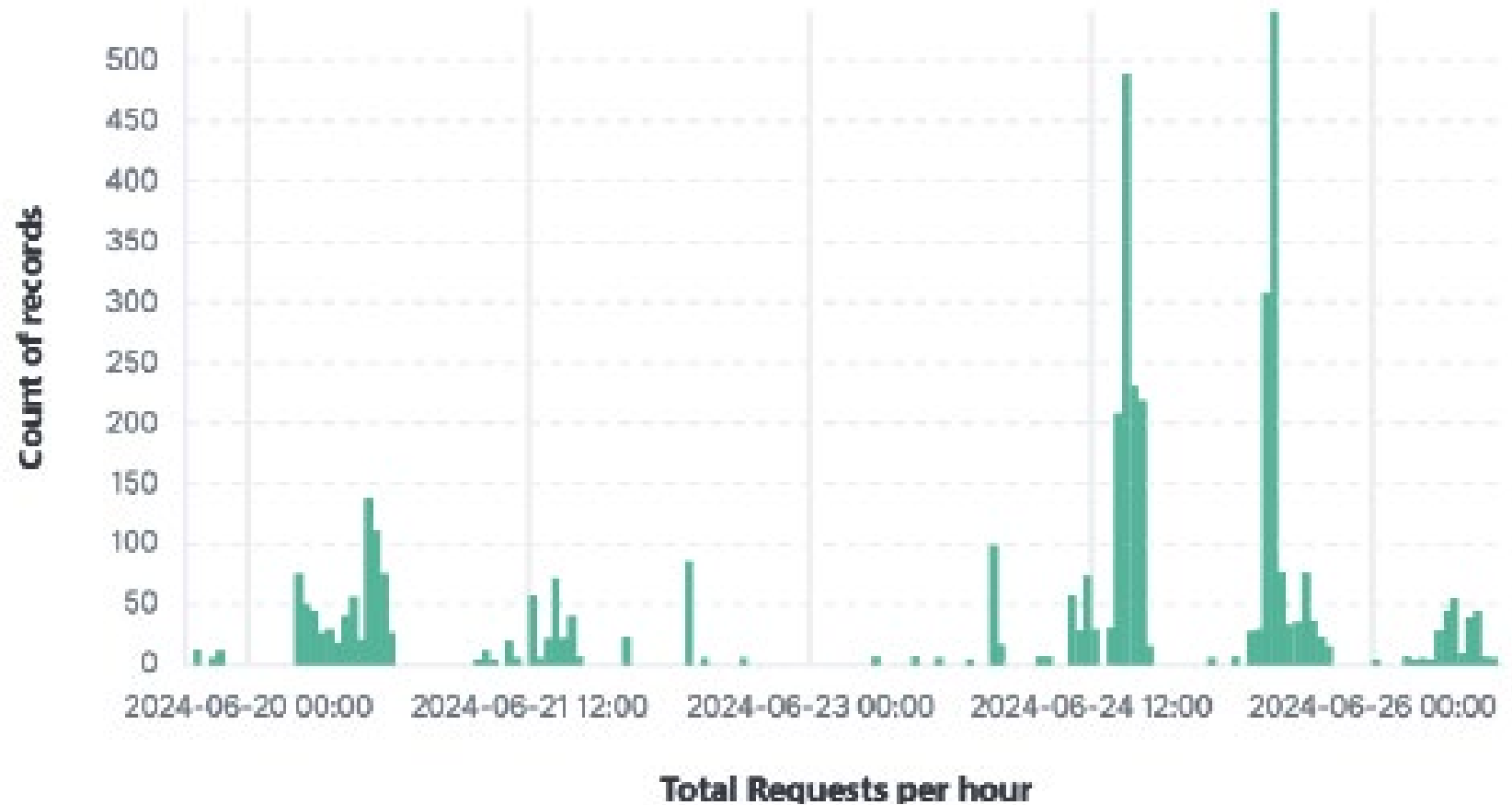
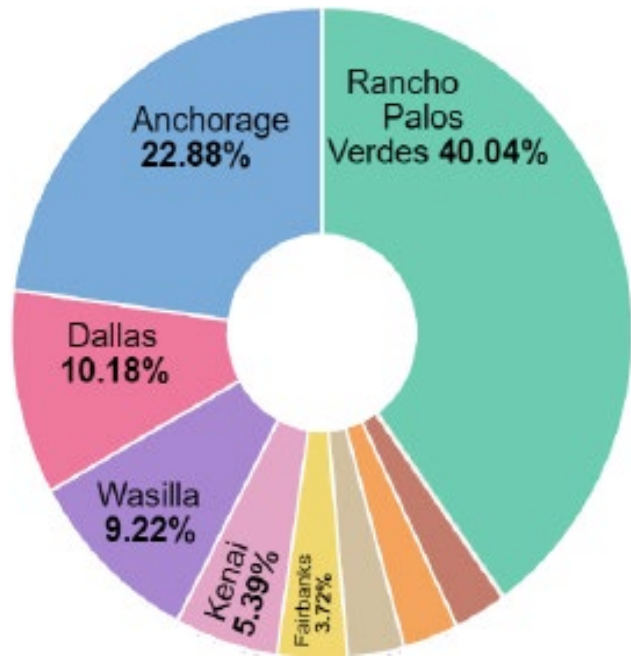
- GovOS: 4%
- ATR: 1.4%
- ARSSTC: 2.25%
- **Tier 3 total fees: 7.65%**

2024Q2 Updates and Successes

ATR

- Updated tax map for Galena Alcohol to be “in lieu” instead of “in addition to”
- Updated tax map regarding internet access services as non-taxable
- Working on identifying Avalara-client businesses filing \$0 directly with communities
 - Avalara issued a letter to almost 100 businesses to check settings in Avalara for Alaska remote sellers
- Working on identifying where instructions for Alaska are in their system and updating it with better clarification for remote sellers
- Assisted new members to finalize accurate exemption matrices
 - None in Quarter 2

ATR Weekly Report Example



2024Q2 Updates and Successes

GovOS

- Assisted in monthly adjustments:
 - correct mis-payment amounts for ACH Credit transactions (dozens per month)
 - add additional payments to accounts and remove accidental double assessments (multiple per month)
 - adjust vendor fee cap for Kenai Peninsula Borough and nested cities (multiple businesses)
 - process refund requests from sellers (overpayments, double payments, amendments)
 - process small balance write-offs (multiple businesses)
- Continuing QA testing on Returned Items change order
- Continuing QA testing on new report to view gross and exempt sales; jurisdiction or business specific searches
- Working on process to accept excess tax on a community-specific basis
- Working on update to reconciliation module to allow system to bridge to MR local filing platforms (five ARSSTC member communities)

2024Q2 Updates and Successes

GovOS

- Requested updated change order to pursue filing for some businesses with physical presence at a lower rate
- Requested multiple change orders to improve seller and admin interfaces
- Requested change order to adjust Kenai Borough and nested cities settings
- Removed ACH credit payment instructions from filing platform
- Can now add alternate emails to notifications, now working on populating field from another field
- Update to team personnel: lost two, gained two

A photograph of the Aurora Borealis (Northern Lights) over a dark lake at night. The aurora displays vibrant green and purple light curtains against a starry sky. The lights are reflected in the calm water below. A white circular graphic element is on the right side of the slide.

2024Q2 Membership

- New Members to ARSSTC
 - None in 2024Q2
- Adopted and Implemented Uniform Code
 - None in 2024Q2

2024Q2

ARSSTC Meetings

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

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

Board Meetings

- Met in April, May, June
- Finalized AML/ARSSTC service agreement
- Reviewed FY25 draft budget
- Reviewed Uniform Remote Seller Code revisions
- Initiated discussion about process for some businesses with physical presence to file with ARSSTC

Finance Committee Meetings

- Met in April

Policy Committee Meetings

- Met in April, May, June
- Reviewed telecom guidance
- Initiated discussion about process for some businesses with physical presence to file with ARSSTC

2024Q2 Updates and Successes

General Guidance

- No guidance in 2024Q2

Updates to Sales Tax Rules

- No updates in 2024Q2

Interpretations

- No interpretations approved in 2024Q2

Other

- Check fraud: \$6,000 in depository account, recovered all funds

2024Q2 Updates and Successes

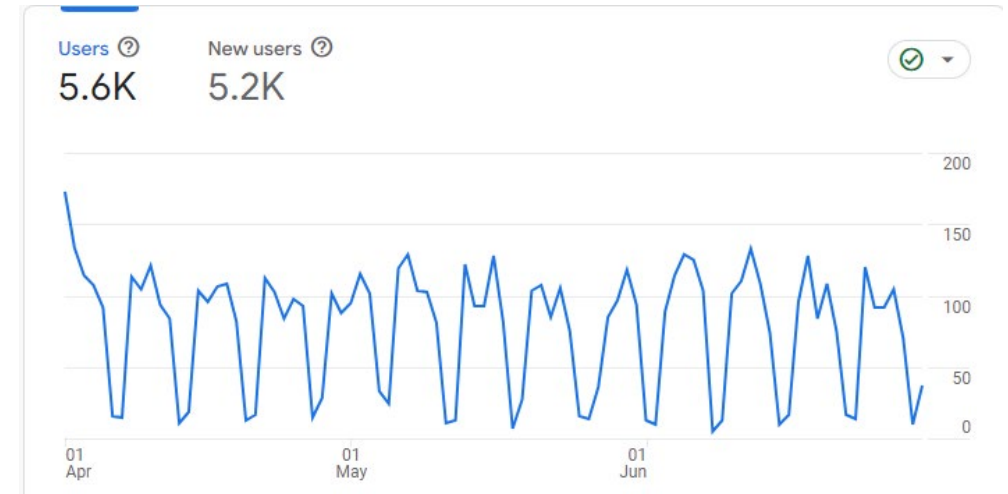
Staff / Procedures

- Researching contact information for invalid account emails and returned mail
- Closing accounts that do not meet threshold
- Researching & removing duplicate accounts
- Working on helping businesses set up correctly for Alaska
 - If don't meet threshold and keep account open ⇒ must turn on tax
- Improving financial reporting for Board reports
- Developing automated tools to help with reconciliation
- Finalizing FY23 program audit

2024Q2 Updates and Successes

Website

- 5,600 visits
 - 5,200 new users
 - Average engagement time: 0m51s
 - Website visits down ~11% from last quarter
- Most visited pages:
 - Member Jurisdictions
 - Business/Sellers
 - Tax Rates
 - FAQs for Sellers
 - Exemption Certificate Directory



A world map showing user distribution by country. The United States is highlighted in dark blue, indicating the highest number of users. Other countries with significant user counts are India, China, Canada, United Kingdom, Netherlands, and Philippines.

COUNTRY	USERS
United States	4.9K ↓ 18.1%
India	124 ↓ 10.8%
China	99 ↑ 3.1%
Canada	61 ↓ 20.8%
United Kingdom	46 ↓ 19.3%
Netherlands	28 ↓ 59.4%
Philippines	26 ↓ 10.3%

Apr 1 - Jun 30, 2024

[View countries](#) →

2024Q2 Updates and Successes

Compliance Program

New Business Outreach

- Continue to reach out to national remote sellers for registration
 - 48 businesses contacted

VDA Program

- 8 applicants in 2nd quarter
- \$310k revenue paid by 2nd quarter VDA applicants

Zero Filer Outreach

- Seven sellers filed amendments to correct erroneous zero filings
- Total of \$29k in revenue received from the amendments

2024Q2 Updates and Successes

Audit Program

Zero Filers Review

- 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 \$30k in 2nd quarter
 - Worked with 3rd party tax services to disseminate additional guidance for sellers to check settings.

Reporting Analysis

- Started project reviewing reporting for nested jurisdictions.
 - Anticipate 40+ assessments to be developed and sent to sellers in 3Q.
- Completed two exemption review audits resulting in total of \$67k in assessments
- Correction to multiple filings from a single seller yielding \$160k additional revenue

Program Goals for 3Q

- Develop outreach materials for code changes – especially removal of transaction threshold
- 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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