

Alaska Remote Seller Sales Tax Commission

3rd Quarter 2024 Update and Overview

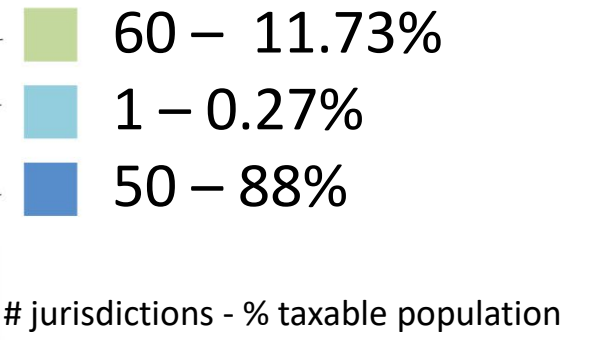
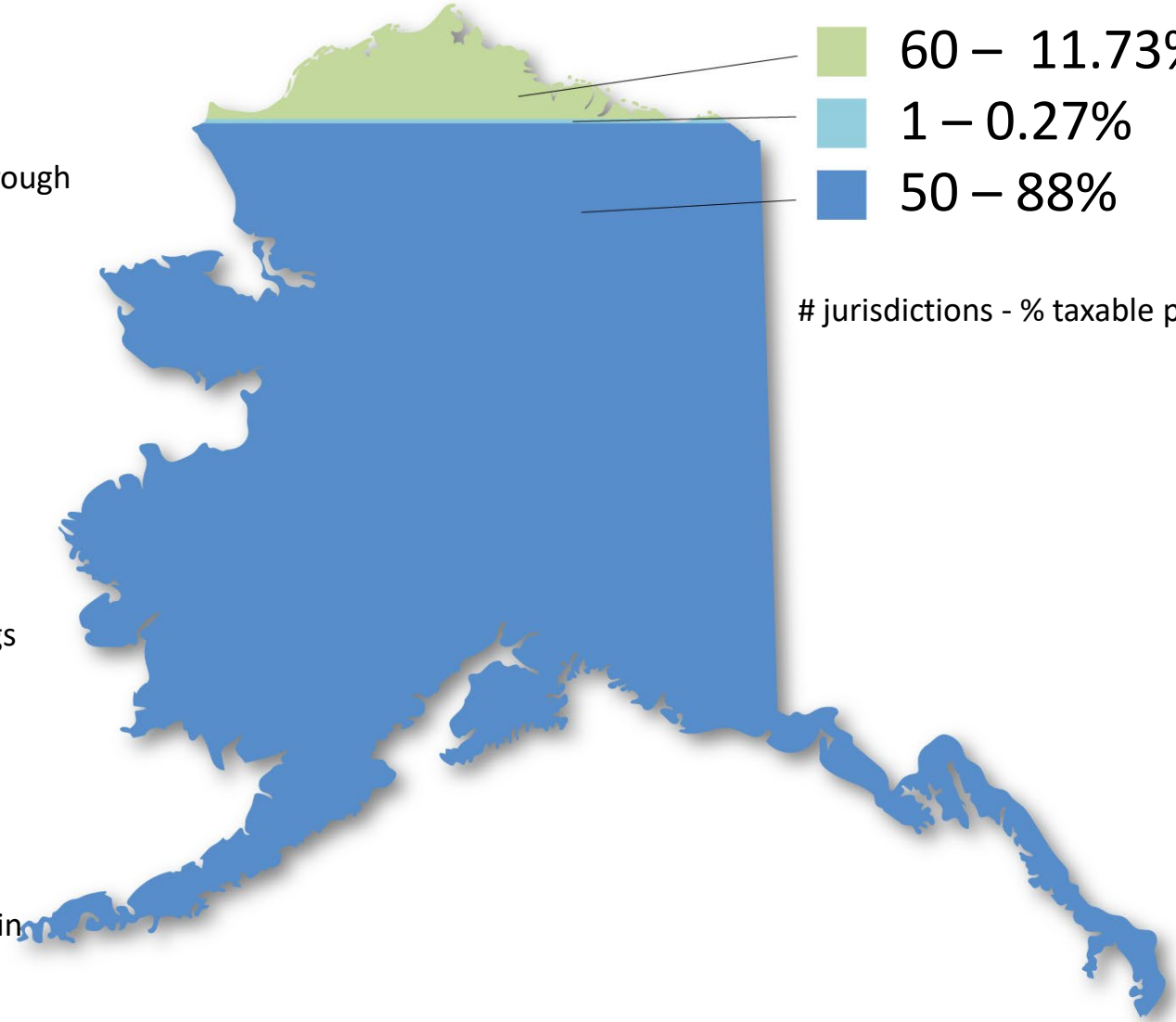
December 11, 2024



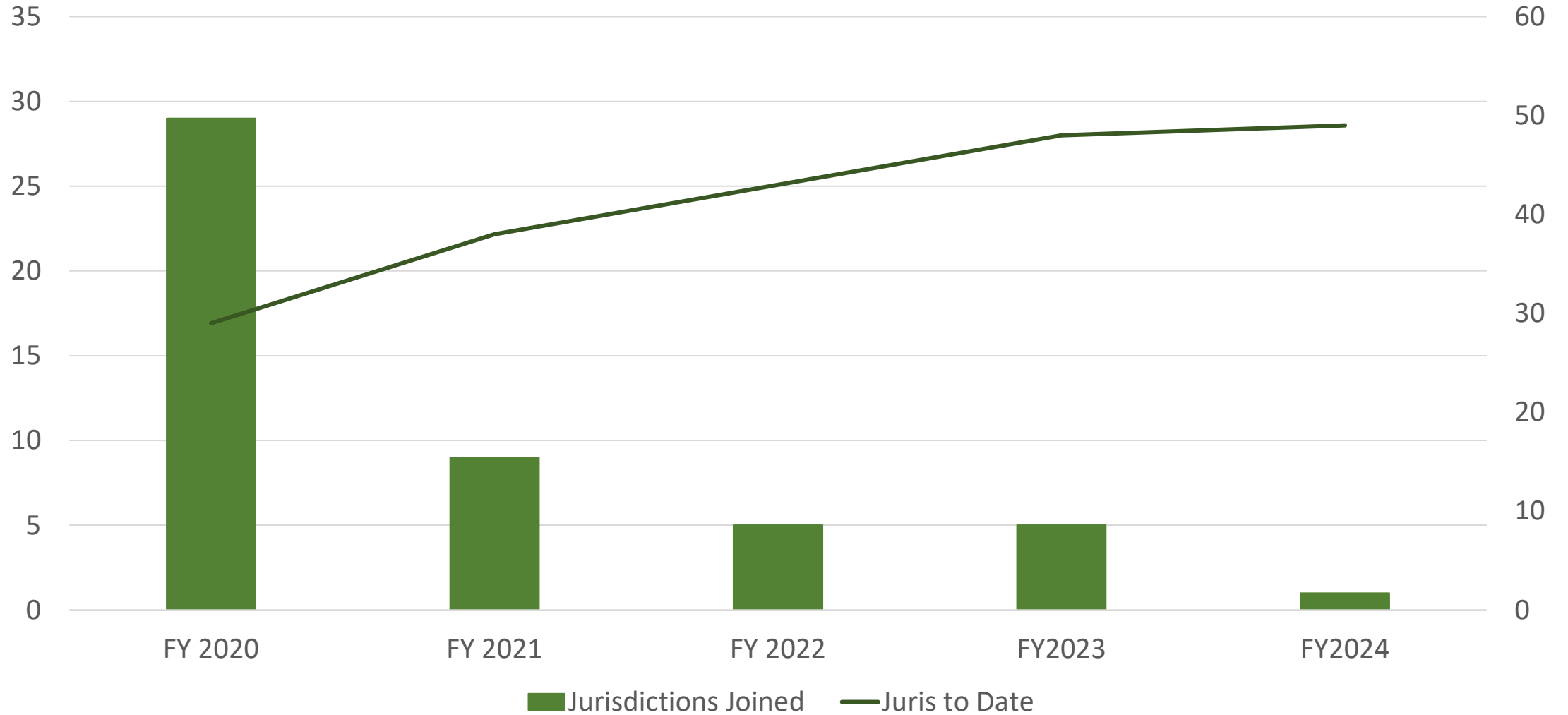
Jurisdictions to Date

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
 Napaskiak
 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

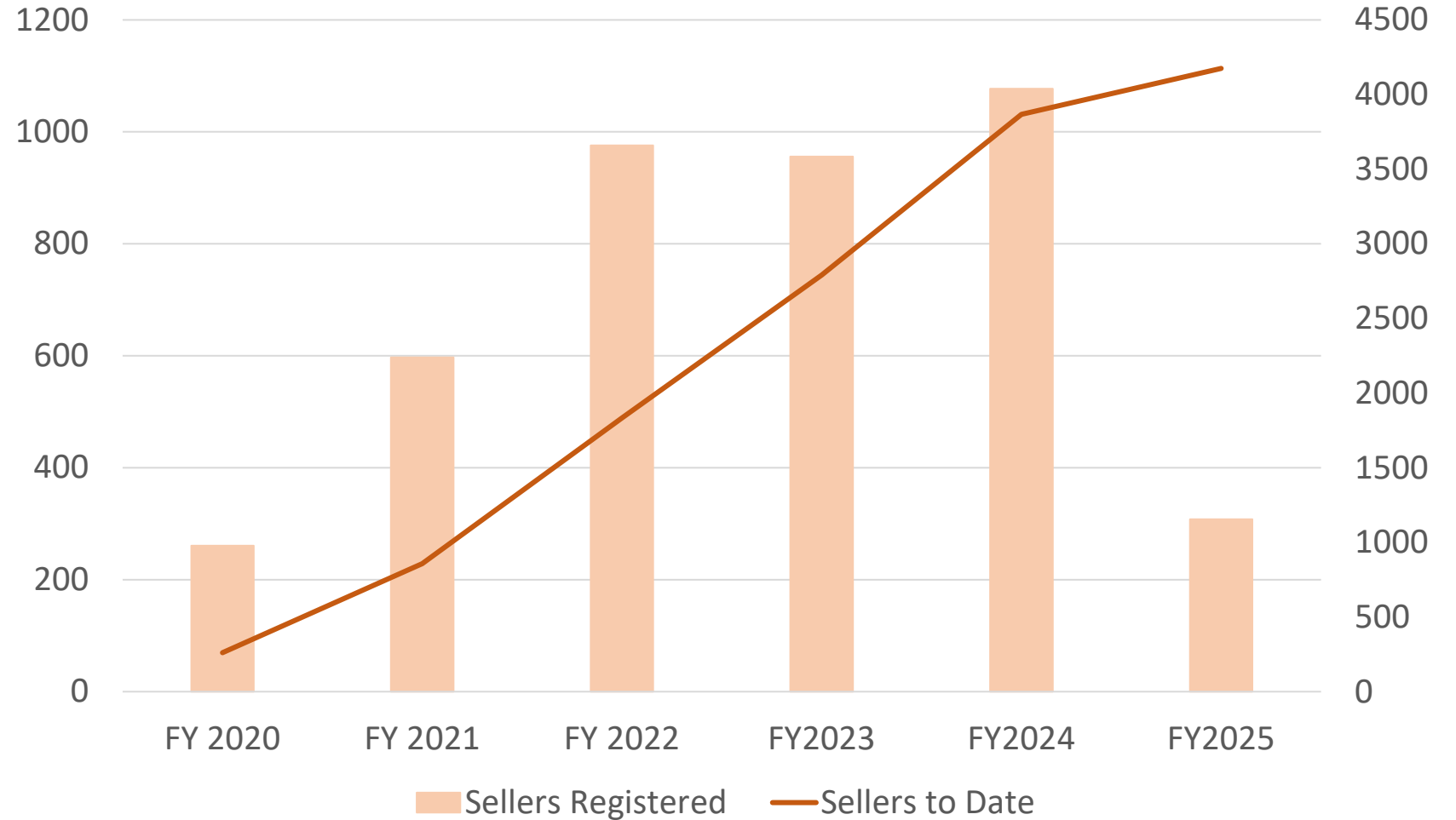


Member Jurisdictions Over the Years



Registered Sellers

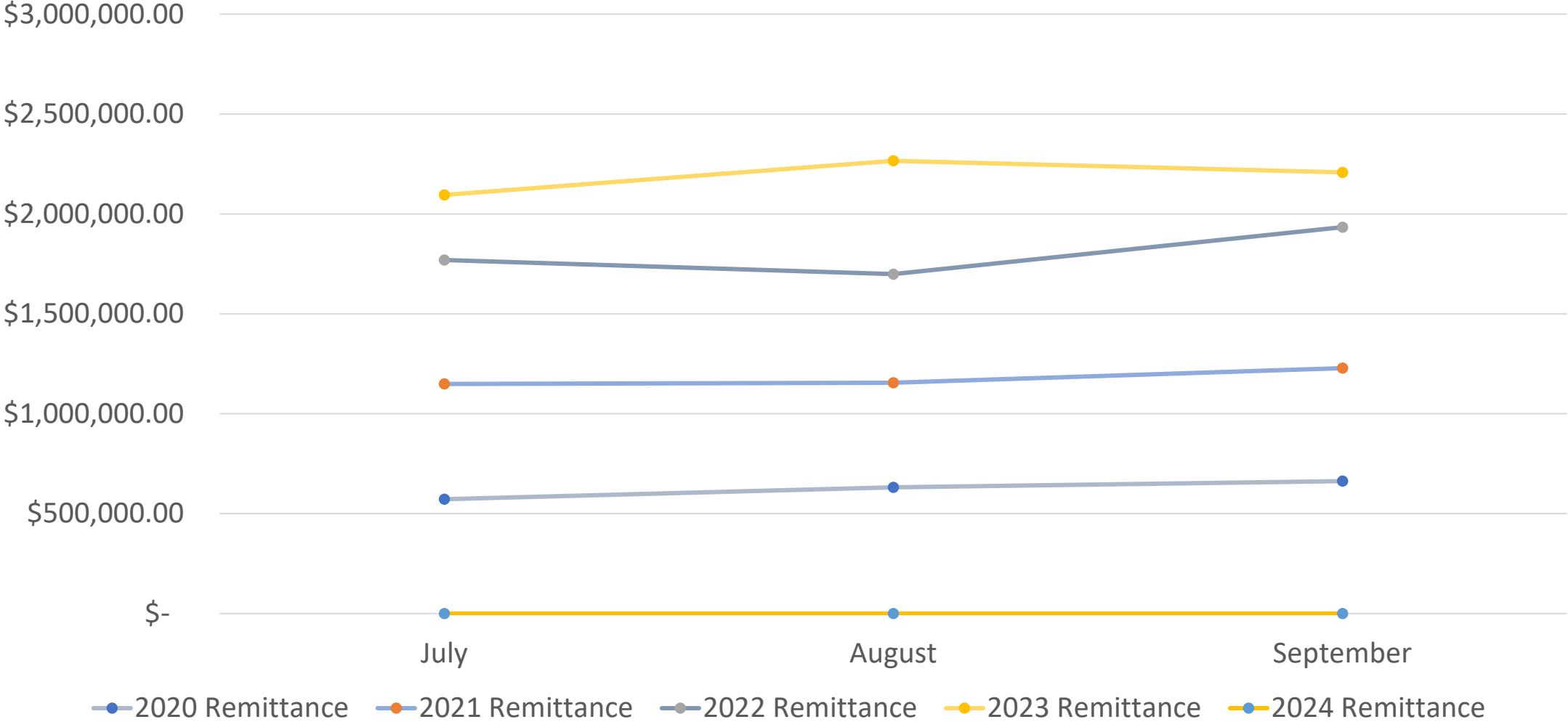
FY25 to date: 308
FY24 Total: 1077
FY23 Total: 956
FY22 Total: 976
FY21 Total: 597
FY20 Total: 261
= 4175 registered sellers



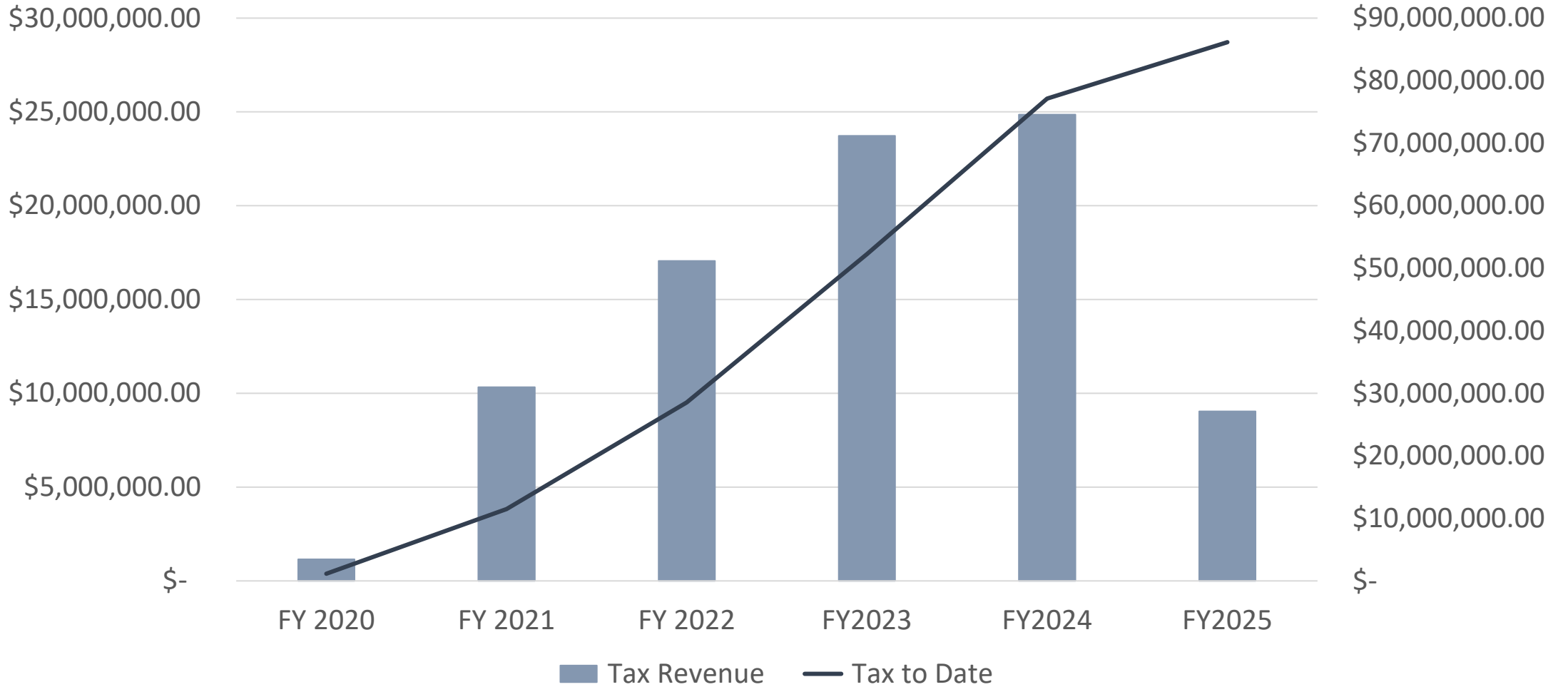
Top 20 Sellers for 2024Q3

1. Amazon.com Services, LLC (MPF)
2. Apple, Inc.
3. Google, LLC
4. eBay, Inc.
5. *Whatnot, Inc.*
6. Meta Platforms, Inc.
7. Hulu, LLC
8. Microsoft Corporation
9. Whaleco, Inc.
10. GroceryWorks.com
11. Intuit, Inc.
12. Etsy, Inc.
13. US Foods, Inc.
14. *LinkedIn Corporation*
15. Sysco Seattle, Inc.
16. *Stitch Fix, Inc.*
17. Space Exploration Technology Corp.
18. Liquor Stores USA North, Inc.
19. *TikTok, Inc.*
20. Spotify USA, Inc.

2024Q3 Sales Tax Revenue (by year)

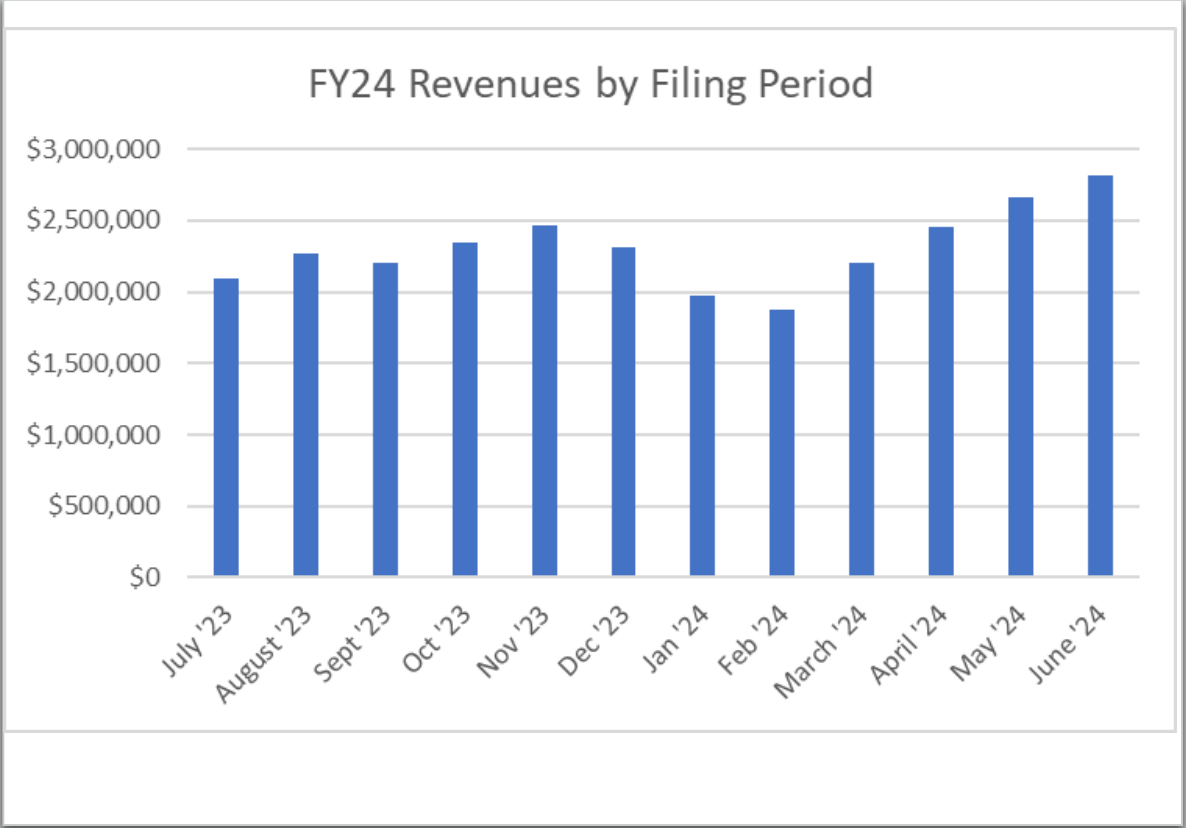


Tax Revenue Over the Years



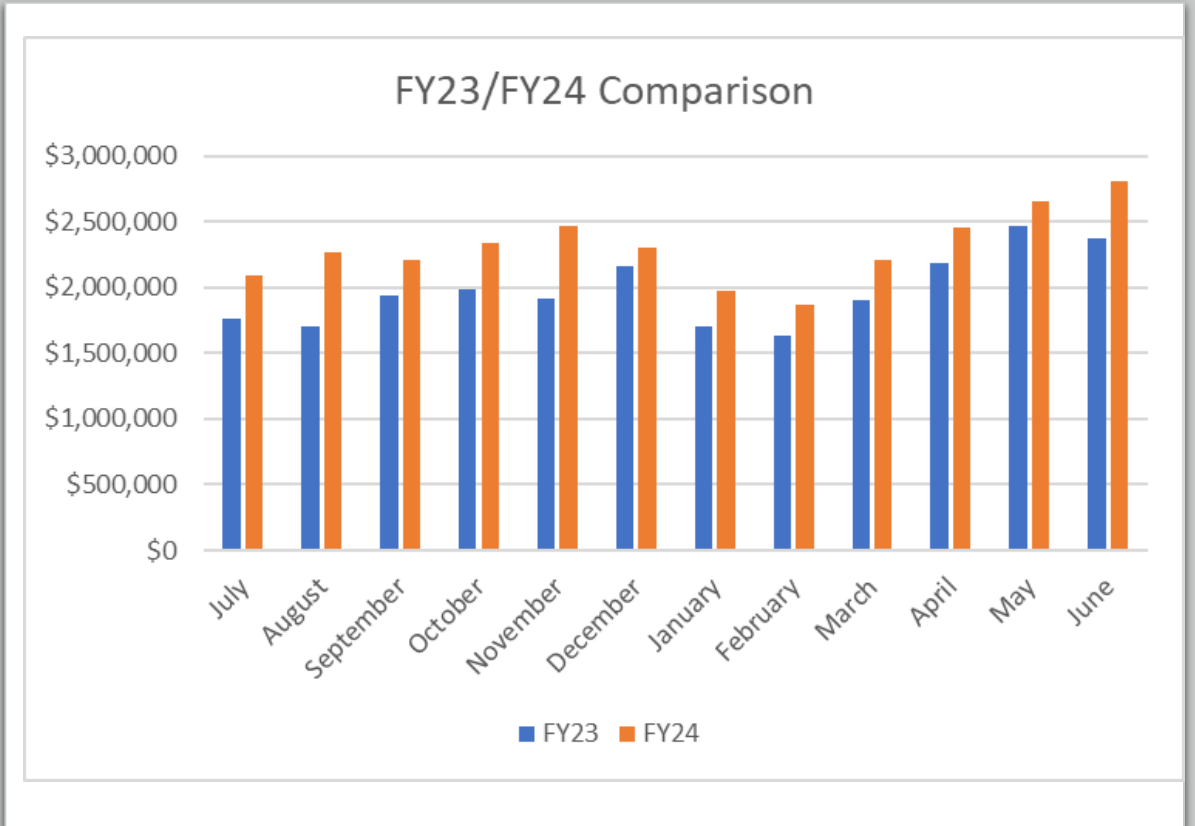
FY24 Revenues

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	



FY23 / FY24 Comparison

	FY23	FY24	Gain
July	\$1,769,026	\$2,095,195	\$326,169
August	\$1,698,945	\$2,265,850	\$566,905
September	\$1,934,551	\$2,208,385	\$273,834
October	\$1,983,959	\$2,345,041	\$361,082
November	\$1,917,617	\$2,464,346	\$546,728
December	\$2,159,423	\$2,309,810	\$150,387
January	\$1,702,415	\$1,972,549	\$270,134
February	\$1,631,775	\$1,872,142	\$240,367
March	\$1,900,775	\$2,205,767	\$304,992
April	\$2,190,387	\$2,457,945	\$267,558
May	\$2,463,200	\$2,660,669	\$197,469
June	\$2,373,755	\$2,812,188	\$438,433
Totals	\$23,725,829	\$27,669,887	\$3,944,058



ARSSTC Member Fees

- ARSSTC reached \$20,000,000 total tax revenue on 9/18/2024
 - GovOS fee decreased from 8% ⇒ 4%
- ATR (formerly TTR) fee remained at 1.4%
 - 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 CY24
- CY24 total effective rate of 11.86%

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 (as of 9/18/24)
(\$20M - \$30M)

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

2024Q3 Updates and Successes

ATR

- Identifying Avalara-client businesses filing in nested jurisdictions and drafting letter to businesses regarding settings
- Initial proposal for Alaska Rate and Boundary files (not approved by ARSSTC board)
- Updated tax map for Craig marking prescription drugs as non-taxable
- Identified 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
- Confirmed that SaaS settings are defaulting to “taxable” in Avalara
- Researched Shopify/AvaTax integration and guidance documents
- Researched Lightspeed POS systems and which were compatible with the API
- Assisted new members to finalize accurate exemption matrices
 - Mekoryuk

2024Q3 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)
- Researched delays to notification module
- Released Returned Items to live production
- Working on process to accept excess tax on a community-specific basis
- Working on new admin access for ARSSTC 3rd party finance team members

2024Q3 Updates and Successes

GovOS

- Continuing QA testing on new report to view gross and exempt sales; jurisdiction or business specific searches
- QA testing on reconciliation module to allow increased functionality and prepare the system to bridge to MR local filing platforms (five ARSSTC member communities)
- Requested multiple change orders to improve seller and admin interfaces (yellow form, update account information)
- Requested change order estimate to adjust Kenai Borough and nested cities settings

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 night sky. The lights are reflected in the calm water below. A white circular graphic element is on the right side of the slide.

2024Q3 Membership

- New Members to ARSSTC
 - Mekoryuk
- Adopted and Implemented Uniform Code
 - Mekoryuk

2024Q3 ARSSTC Meetings

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

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

Board Meetings

- Met in July, August
- Finalized Uniform Remote Seller Code revisions
- Reviewed FY23 ARSSTC audit
- Reviewed Tax Rate & Boundary proposal
- Reviewed GovOS change orders

Finance Committee Meetings

- Did not meet in 2024Q3

Policy Committee Meetings

- Met in July, September
- Reviewed remote services interpretation for possible revisions
- Further discussion about process for some businesses with physical presence to file with ARSSTC

2024Q3 Updates and Successes

General Guidance

- Removal of transaction threshold effective 1/1/2025
- Returned Goods reporting on tax filing upload form effective 11/1/2024

Updates to Sales Tax Rules

- Seasonal sales tax for Ketchikan, Sitka, Seldovia, Skagway effective 10/1/2024
- White Mountain increased tax rate from 1% to 3% effective 10/1/2024
- Sitka sales tax holiday November 29-30, 2024

Interpretations

- No interpretations approved in 2024Q3

Other

- Hired 3rd party finance team to help with FY24 audit preparation

2024Q3 Updates and Successes

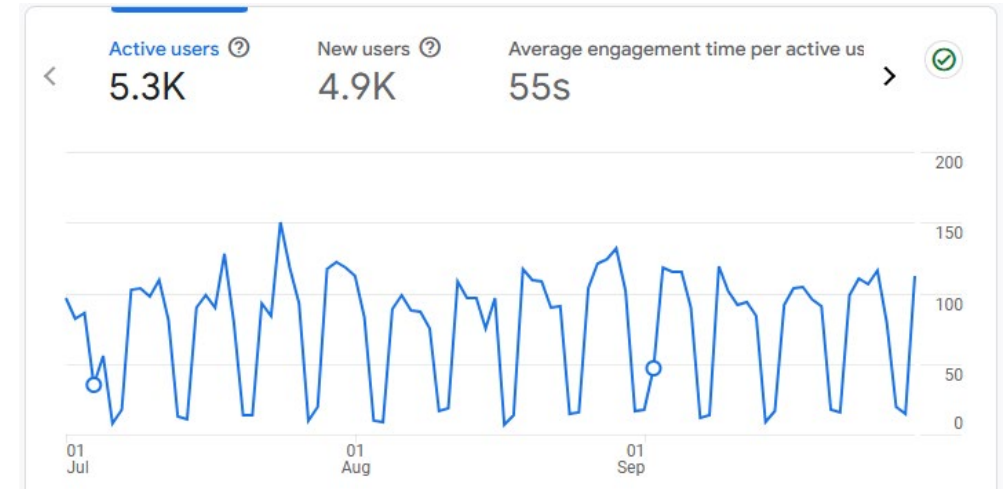
Staff / Procedures

- Research contact information for invalid account emails and returned mail
- Research & remove duplicate accounts
- Work 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
- Delinquent filer outreach
- Updated website with new code and removed references to transaction threshold
- Developing automated tools to help with reconciliation

2024Q3 Updates and Successes

Website

- 5,600 visits
 - 4,900 new users
 - Average engagement time: 0m55s
 - Website visits down ~5% from last quarter
- Most visited pages:
 - Member Jurisdictions
 - Business/Sellers
 - Tax Rates
 - FAQs for Sellers
 - Uniform Code



COUNTRY	ACTIVE USERS
United States	4.7K
India	121
China	85
Canada	71
United Kingdom	42
Philippines	31
Germany	27

2024Q3 Updates and Successes

Compliance Program

New Business Outreach

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

VDA Program

- 1 applicants in 3rd quarter
- \$195k revenue paid by 3rd quarter VDA applicant
- YTD: 22 applications; \$539k revenue; 6 applicants in process of filing returns

Zero Filer Outreach

- Nine sellers filed amendments to correct erroneous zero filings
- Total of \$10.5k in revenue received from the amendments

2024Q3 Updates and Successes

Audit Program

Zero Filers Review

- Closed 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 nearly \$90k revenue in 2024.
 - Worked with 3rd party tax services to disseminate additional guidance for sellers to check settings.
 - Will start review again in 2025 for sellers reporting zero sales in 2024.

Reporting Analysis

- Ongoing project reviewing reporting for nested jurisdictions.
 - Anticipate 40+ assessments to be sent to sellers in 4Q.
- Completed one exemption review audit resulting in \$37k assessment
 - 13 additional audits opened in 3Q
- Correction to multiple filings from a single seller yielding \$160k additional revenue

Program Goals for 4Q 2024

- Develop education packet for newly registered remote sellers
- Develop video tutorials for seller registration, user interface, filings, amendments
- GovOS:
 - Complete change order for filing process programming updates
 - Complete testing for new Sales & Exemptions report
 - Complete testing of reconciliation module updates
- 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*
- VACANT – Vice President
- 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*
- VACANT

Finance Committee

- Alexandra Batchelor, *City of Bethel*
- Raven Hanson, *City of Pelican*
- Rachel Nichols, *Ketchikan Gateway Borough*
- Ruth Kostik, Chair, *City & Borough of Juneau*
- Jila Stuart, *Haines Borough*

Questions?

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