

Discussion / Direction / Decision

on CBS participation at the June 6 Alaska Municipal League work group meeting in Anchorage to discuss negotiation of sales tax definitions, and governance of a statewide, single level online sales tax authority.

Discussion items:

- CBS attendance
- Chief Finance and Administrative Officer Jay Sweeney to participate
- Give direction on what points to negotiate

Possible Motion

I MOVE to approve Chief Finance and Administrative Officer Jay Sweeney attending the June 6 Alaska Municipal League work group meeting and request, through the Municipal Administrator, he negotiate on the following points

_____, _____, _____.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly Members

From: Keith Brady, Municipal Administrator

Date: May 9, 2019

Subject: Attendance of the Alaska Municipal League Online Sales Tax Negotiations

Summary

Alaska Municipal League (AML) asked for 1-2 representatives from each municipality with taxing authority to attend the upcoming Online Sales Tax Negotiations in early June. They have asked for finance officers, managers and/or attorneys to be able to make decisions consistent with each municipality. That doesn't mean that their participation preempts the Assembly from approving the decision, but it is critical that people are at the table that can negotiate in good faith.

Details

The Alaska Municipal League has been leading an effort to organize a Municipality-led organization (i.e., no State involvement) to form a single entity to serve as a single point in Alaska whereby e-commerce retailers would remit sales taxes collected on internet-based sales.

The concept is along these lines. AML would form an entity, similar to the AMLJIA or the AMLIP, which Municipalities could join. Joining the AML entity would require a Municipality to adopt standardized sales tax definitions along the lines of what are contained in the SSUTA, i.e., what constitutes a sale, etc. Municipalities could still keep their various exemptions and tax rates. E-commerce merchants would then collect sales taxes on internet sales and remit them to this AML entity, which would then distribute them to the various participating Municipalities, keeping a percentage to pay for operating costs. The AML entity would also be responsible for auditing e-commerce merchants.

AML is far along in organizing this entity. In November, at the AML winter meeting, a sub-committee was formed that Finance Director Jay Sweeney is a part of. The sub-committee agreed upon the following (1) to hire an attorney to advise as to legal issues, (2) to hire a software company to begin custom-programming a software application to process tax payments, and (3) to solicit communities to contribute money to help pay for the effort.

Interested Municipalities already met in Juneau at AML to review progress. AML has compiled a comprehensive almanac of each Alaskan Municipality's sales tax laws and tax rates to find where there are commonalities, etc. Also, a software programmer has

been hired and has made considerable progress on basic programming.

In the absence of the State of Alaska Department of Revenue doing anything, AML has stepped into the leadership vacuum and used initiative and leadership to devise a solution. The plan now is for representatives of interested Municipalities to meet in June to work on common sales tax definitions, then have the AML entity up and running by 2020.

Fiscal Note

About \$3,500 coming from travel and training.

Recommendation

Approval to 1) attend the online sales tax negotiations, 2) send Finance Director Jay Sweeney, and 3) give direction on what points to negotiate on. Upon his return he will report to the Assembly of the negotiations.