


City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

A Coast Guard City

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Melissa Haley, Finance Director

Date: September 9, 2021

Subject: FY2021 Sales Tax-Free shopping days

Background

Per SCG 4.09.020, each year the assembly must decide at the first meeting in September whether to authorize sale tax free days (historically, the two days following Thanksgiving). The sales tax-free sales do not apply to fuel, alcohol, tobacco, or marijuana. Previously, we have roughly estimated the loss of sales tax revenue to be about \$50,000. With increases in sales tax revenues as well as the impact of joining the Alaska Remote Sellers Sales Tax Commission (ARSSTC) we anticipate that the loss will now be higher, though it is difficult to say by how much exactly, especially as we have seen a significant increase in the number remote sellers now collecting sales tax.

Analysis

A complicating factor is that we are required to inform ARSSTC of any sales tax-free days adopted by the Assembly, as we cannot treat remote sellers differently than local vendors. While it is likely that many remote sellers will be unable to implement this within their systems, some may be able to do so.

Fiscal Note

We anticipate that the cost in sales tax revenue of two sales-tax free days following the Thanksgiving holiday would likely exceed \$60,000.