

Kenai Peninsula Borough

Finance Department

MEMORANDUM

TO: Brent Hibbert, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Charlie Pierce, Mayor *CP*

FROM: Brandi Harbaugh, Finance Director *BH*
Sean Kelley, Deputy Borough Attorney *SK*

DATE: August 5, 2021

SUBJECT: Resolution 2021-060 Supporting the Alaska Remote Sellers Sales Tax Commission's Proposed Interpretation of the Definition of Point of Delivery as it Relates to Sourcing for Sales Levied on Services (Mayor)

In 2019 and 2020 numerous local taxing jurisdictions within Alaska worked together to establish an intergovernmental entity known as the Alaska Remote Seller Sales Tax Commission (the "Commission") in order to implement a single-level statewide sales tax administration. The borough and five of the incorporated cities within the borough are members of the Commission. Representatives from the borough, the City of Soldotna, and the City of Kenai currently hold three of the seven Board of Director seats on the Commission.

The contractor for the Commission, Alaska Municipal League "AML", has proposed that the definition of "Point of Delivery" be interpreted to mean the location at which the goods or service is delivered or otherwise received by the purchaser. This interpretation further interprets the phrase "where the services are rendered" to mean that the point of taxation is the location where the service is delivered to or otherwise received by the purchaser; rather than the location where the service is performed. If this resolution is adopted, the assembly should expect to see an ordinance that will amend the borough's local sales tax code, KPB Chapter 5.18, to better align with this interpretation. The City and Borough of Juneau and the City of Wasilla, both Commission members, have already enacted code to align with AML's proposed interpretation of "Point of Delivery" and where a "service is rendered".

Your consideration of this resolution is appreciated.