

Kenai Peninsula Borough

Finance Department

MEMORANDUM

TO: Peter Ribbens, Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor *pm*

FROM: Brandi Harbaugh, Finance Director *BH*

DATE: December 19, 2024

SUBJECT: Ordinance 2025-01, Amending KPB Chapter 5.19, Uniform Remote Seller Sales Tax Code, in Accordance with Updates and Changes Adopted by the Alaska Remote Seller Sales Tax Commission (Mayor)

KPB and other municipalities across the state, including all the cities within the KPB that levy a sales tax, banded together to provide for single-level statewide remote sales tax administration by establishing an intergovernmental entity known as the Alaska Remote Seller Sales Tax Commission (the “Commission”). There are currently 50 municipalities in Alaska that are members of the Commission. The function and powers of the Commission are set forth in the Alaska Intergovernmental Remote Seller Sales Tax Agreement (the “Agreement”), a cooperative agreement between Commission members. The KPB and the City of Kenai currently comprise 2 of the 7 Board of Director seats on the Commission.

Under the terms of the Agreement, in order to maintain membership in the Commission, local governments must enact the uniform Remote Seller Sales Tax Code (“uniform code”) as adopted by the Commission. The Commission adopted the Remote Seller Sales Tax Code Amendments being considered at its Board of Directors meeting on July 17, 2024. The uniform code governs the collection and remittance of municipal sales tax applicable to remote or internet-based sales. The uniform code provides for streamlined remote sales tax collection and remittance process which is necessary to avoid claims that local municipal tax unduly burdens interstate sellers.

On February 25, 2020, the KPB enacted the uniform code. This ordinance will adopt amendments to the uniform code providing reductions of duplicate language, general grammatical housekeeping and the removal of the 200 transaction threshold. This will reduce burdensome reporting on smaller businesses that do not have a physical presence in the KPB. The revenue impact is projected to be *de minimis* and this code provision would more closely coincide with current KPB 5.18.200 Sales Tax code casual and isolated sales threshold.

Your consideration is appreciated.