

Kenai Peninsula Borough

Finance Department

MEMORANDUM

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

THRU: Charlie Pierce, Mayor *AK for CP*

FROM: Brandi Harbaugh, Finance Director *BH*

DATE: April 21, 2021

SUBJECT: Ordinance 2021-19 -49, Appropriating Additional Funds to Pay Fees Associated with Collection of Remote Sales Tax (Mayor)

On February 25, 2020 the Borough Assembly, through Ordinance 2020-03 amended KPB 5.18 Sales Tax, and enacted KPB 5.19 Uniform Remote Seller Sales Tax Code, enabling the Kenai Peninsula Borough to collect sales tax from remotes sellers that sell goods or services within the Kenai Peninsula Borough. The Ordinance also authorized the Borough to enter into an agreement with taxing jurisdictions within Alaska to form the Alaska Remote Seller Sales Tax Commission (the "Commission") in response to the U.S. Supreme Court's decision *South Dakota v. Wayfair*.

The Borough, as a founding member, has since participated in the organization and implementation of the Commission. Fees have been established through board actions for the collection and administration of these taxes.

Based on the fiscal year 2022 taxable sales reported to the Commission on behalf of the Borough through January 2022, the estimated annual remote sales tax collections are expected to be \$2.5 million for fiscal year 2022. Fees of only \$300,000 were appropriated through the annual budgetary process for fiscal year 2022. This ordinance appropriates an additional \$150,000 to pay remote sales tax collection fees to the Alaska Remote Sellers Sales Tax Commission for the collection of remote sales taxes during the remainder of fiscal year 2022.

Your consideration of this ordinance is appreciated.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED	
Acct. No.	<u>100.27910</u>
Amount:	<u>\$150,000.00</u>
By: <i>CH</i>	Date: <u>4/14/2022</u>