

Kenai Peninsula Borough
Finance Department

MEMORANDUM

TO: Kelly Cooper, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Charlie Pierce, Mayor *CP*

FROM: Brandi Harbaugh, Finance Director *BH*

DATE: July 23, 2020

SUBJECT: Ordinance 2020-19_02 Appropriating 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 (the "borough") to collect sales tax from remote sellers that sell goods or services within the 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 in *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 taxable sales reported to the Commission on behalf of the Kenai Peninsula Borough in fiscal year 2020, the annual remote sales tax collections are estimated to be \$1,000,000 for fiscal year 2021. Through the annual budgetary process for fiscal year 2021, no fees were appropriated due to the timing of the fee schedule establishment and the unavailability of the rates at that time. This ordinance appropriates funds to pay the software and administration fees to the Commission for the collection of remote sales taxes during fiscal year 2021.

Your consideration of this ordinance is appreciated.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED	
Acct. No.	<u>100.27910</u>
Amount:	<u>\$200,000.00</u>
By: <i>CP</i>	Date: <u>7/20/2020</u>