

**CITY OF GUSTAVUS, ALASKA
RESOLUTION CY21-06**

**A RESOLUTION BY THE CITY OF GUSTAVUS
REPEALING & REPLACING THE REMOTE SELLER SALES TAX CODE & COMMON
DEFINITIONS**

WHEREAS, the inability to effectively collect sales tax on sales of property, products or services transferred or delivered into Alaska is seriously eroding the sales tax base of communities, causing revenue losses and imminent harm to residents through the loss of critical funding for local public services and infrastructure; and,

WHEREAS, the harm from the loss of revenue is especially serious in Alaska because the State has no income tax, and sales tax revenues are one of the primary sources of funding for services provided by local governments; and,

WHEREAS, the failure to collect sales tax on remote sales creates market distortions by creating an unfair tax advantage for businesses that limit their physical presence in the taxing jurisdictions but still sell goods and services to consumers, which becomes easier and more prevalent as technology advances; and,

WHEREAS, the failure to tax remote sales results in the creation of incentives for businesses to avoid a physical presence in the state and its respective communities, resulting in fewer jobs and increasing the share of taxes to those consumers who buy from competitors with a physical presence in the state and its cities; and,

WHEREAS, the structural advantages for remote sellers, including the absence of point-of-sale tax collection, along with the general growth of online retail, make clear that erosion of the sales tax base is and has been occurring; and,

WHEREAS, remote sellers who make a substantial number of deliveries into or have large gross revenues from Alaska benefit extensively from the Alaska market, affecting the economy as well as burdening local infrastructure and services; and,

WHEREAS, delivery of goods and services into local municipalities rely on and burden local transportation systems, emergency and police services, waste disposal, utilities and other infrastructure and services; and,

WHEREAS, given modern computing and software options, it is neither unusually difficult nor burdensome for remote sellers to collect and remit sales taxes associated with sales into Alaska taxing jurisdictions; and,

WHEREAS, due to a recent decision by the United States Supreme Court and the lack of a state sales tax it is appropriate for the municipalities to collectively amend their sales tax codes to account for remote sellers who do not have a physical presence either in the State of Alaska or in a specific taxing jurisdiction, but do have a taxable connection with the State of Alaska or taxing jurisdiction; and,

WHEREAS, this ordinance is not retroactive in its application; and,

WHEREAS, this ordinance provides a safe harbor to those who transact limited sales in Alaska; and,

WHEREAS, amending local sales tax codes reflects the 2018 Supreme Court “*Wayfair*” decision to allow for the application of the taxing jurisdiction’s sales tax code requirements to sellers without a physical presence in the State of Alaska or taxing jurisdiction; and,

WHEREAS, the intent is to levy municipal sales tax to the maximum limit of federal and state constitutional doctrines; and,

WHEREAS, the City of Gustavus has entered into a cooperative agreement with other local governments called the Alaska Remote Seller Sales Tax Agreement (“the Agreement”); and,

WHEREAS, the terms of the Agreement require adoption of certain uniform provisions for collection and remittance of municipal sales tax applicable to sales made by remote sellers similar to the Streamlined Sales and Use Tax Agreement.

NOW, THEREFORE, BE IT RESOLVED: The Gustavus City Council adopts Resolution CY21-06 providing background, and introduction for the Uniform Alaska Remote Seller Sales Tax Code as follows:

The City of Gustavus Code of Ordinances is hereby repealed and replaced by adopting a new Chapter 11 – Sales Made by Remote Sellers.

PASSED and **APPROVED** by the Gustavus City Council this __th day of _____, 2021, and effective upon adoption.

Brittney Cannamore, Mayor

Attest: Karen Platt CMC, City Clerk