



DATE: October 28, 2024
TO: Assembly Finance Committee
FROM: Angie Flick, Finance Director
SUBJECT: Sales Tax Code Revisions

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The purpose of this memo is to provide an overview of two proposed Sales Tax Code revisions. One provides clarification through definitions and also provides a new way to care for itinerate businesses. The other is housekeeping in nature.

Draft Ordinance 2024-36 is simply the implementation of amendments to the Alaska Remote Sellers Sales Tax Commission (ARSSTC) uniform code recently passed by the ARSSTC board. These amendments were developed through a workgroup of member jurisdictions, including representation by CBJ staff from both the Finance and Law departments. In FY 2024, CBJ collected \$4.5M in sales tax revenue through ARSSTC from sales where the seller is located outside of our jurisdiction. The amendments to the uniform code are effective January 1, 2025.

Draft Ordinance 2024-37 is focused on clarifying and supporting the sales tax code as a result of common questions and compliance concerns that have arisen over the years. The definitions that are added or amended are intended to provide clarity to the merchants, and in some instances, to put CBJ in better alignment with the ARSSTC uniform code.

In addition, a section is added to create an “itinerate” sales tax registration. This is intended to ease the burden on small businesses based outside of Juneau that may come to town for short periods for events such as the Public Market, or a tattoo expo. Under the current sales tax code, those businesses are required to register like any other merchant operating in Juneau. Once they leave town, they may forget the need to eventually file their CBJ sales tax return when the next deadline comes around, and never close their account, and because they do not have a permanent location in Juneau, CBJ has limited options for compliance enforcement. These merchants do not qualify to file under ARSSTC, because coming to Juneau creates a physical nexus. Under this proposal, the sales tax office would create a temporary registration for itinerate businesses, and those merchants would be required to file their returns before leaving town.

ACTION: Staff recommends that the Assembly introduce and set for public hearing draft Ordinance 2024-36 and draft Ordinance 2024-37 which update the Sales Tax code.