



CITY OF KOTZEBUE, ALASKA

ORDINANCE NO. 24-07

ENTITLED: "A CODE ORDINANCE AMENDING KOTZEBUE MUNICIPAL CODE ("KMC"), CHAPTER 3.20, SALES TAX, SECTIONS 3.20.210, 3.20.270, 3.20.280, 3.20.350 AND 3.20.450 TO PROVIDE FOR QUARTERLY REPORTING AND REMITTANCE OF CITY SALES TAXES COLLECTED DURING THE QUARTER, EFFECTIVE JANUARY 1, 2025 WITH THE FIRST QUARTERLY REPORTING PERIOD BEING JANUARY 1, 2025 THROUGH MARCH 31, 2025."

BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF KOTZEBUE, ALASKA:

- Section 1.** This is a Code Ordinance pursuant to KMC 1.12.010 and KMC 1.12.040.
- Section 2.** The City of Kotzebue ("City") has had a City-wide sales tax for several decades with a major rewrite of the Sales Tax Code in 2004. See, Ordinance 04-10, passed and approved April 22, 2004, effective July 1, 2004.
- Section 3.** The City will be using AML Shared Services Sales Tax Collection Service ("STCS") to collect, remit, enforce and administer the City's 6% sales tax on all local sales transactions and has been using for several years the AML Alaska Remote Sellers Sales Tax Commission ("ARSSTC") to collect, remit, enforce and administer the City's 6% sales tax on all remote sales transactions.

Section 4.

The City wishes to change the reporting and remittance of sales taxes collected from a monthly regimen to a quarterly scheme and to effectuate and codify this change the following changes need to be made to the KMC using the legislative format with deletions in brackets and strikethrough text [~~deleted text~~] and added/new text in bold and underlined – **added/new text** – which shall read as follows:

**3.20.210 Public statement of tax required—
Exception for coin-operated machines.**

A seller shall not advertise or hold out or state to the public or to any buyer, directly or indirectly, that the tax payment or any part thereof imposed by this chapter will be assumed or absorbed by the seller or that it will not be added to the sales price or that it will be refunded or absorbed in whole or in part. The seller shall, whenever feasible, separately state the tax to the buyer on each taxable transaction. When not feasible to state separately, the seller shall prominently display a sign indicting the imposition of the tax. The revenue from coin-operated machines shall be treated in gross on a [~~monthly~~] **quarterly** basis, without reference to the amount paid or played on a particular transaction.

(Ord. 04-10 § 2 (part), 2004).

**3.20.270 Seller to collect and remit
[~~monthly~~] quarterly.**

Every seller making sales taxable under this chapter shall collect the taxes imposed by this chapter from the buyer at the time of sale, or with respect to credit transactions at the time of collection of sales price, and shall transmit the same [~~monthly~~] **quarterly** to the City. Upon collection by the seller of the taxes imposed in this chapter, title to the collected taxes shall vest in the City. All taxes collected are City monies. The seller holds the

monies in trust for the City and is at all times accountable to the City for such monies.

(Ord. 04-10 § 2 (part), 2004).

3.20.280 Tax returns—Contents—Penalty for delinquency.

A. A seller shall prepare a sales tax return for each calendar ~~[month]~~ **quarter**. The sales tax return shall state the total amount of the seller's sales, rentals and services; the amounts of the seller's exempt and taxable sales, rentals and services; and the amount of sales tax that is due from the seller. The seller shall submit on or with the return such additional information as the City may require to determine the amount of sales tax due for the ~~[month]~~ **quarter**. The seller shall prepare the return and remit sales tax to the City on the same basis, cash or accrual that the seller uses in preparing its federal income tax return. The seller shall sign the return and transmit the return, with the amount of sales tax that it shows to be due, to the City.

B. A seller that filed or should have filed a sales tax return for the prior ~~[month]~~ **quarter** shall file a return for the current ~~[month]~~ **quarter** even though no tax may be due. The return shall show why no tax is due.

C. A sales tax return, and the related remittance of sales tax, is due and must be received by the City not later than five o'clock p.m. on the last business day of the month immediately following the ~~[month]~~ **quarter** for which the return was prepared. The failure of the U.S. Postal Service or any private delivery service to make timely delivery of a sales tax return or the related remittance of sales tax shall not excuse an untimely filing or remittance.

D. Sales tax that is not received on or before the time when due is delinquent. Delinquent sales taxes bear interest at the maximum rate per annum

allowed by law, until paid. In addition, delinquent sales taxes shall be subject to a late payment penalty equal to ten percent of the amount of the delinquent sales tax, multiplied by the number of calendar months (or portions thereof) that elapse until the delinquent sales taxes, interest and penalties are paid in full; provided that the amount of penalties shall not exceed twenty-five percent of the amount of the delinquent sales taxes. The penalty does not bear interest. All payments of sales taxes received from a seller owing delinquent sales tax shall be applied as set forth in Section 3.20.200E.

E. A seller who timely files a correctly completed sales tax return, and the related remittance of sales tax before the fifteenth day of the month succeeding the end of the [~~month~~] **quarter** of collection, may retain five percent of the amount of the sales tax to be remitted, up to a maximum retainage of one hundred dollars per [~~month~~] **quarter**.

F. The finance director may require a seller that fails to submit a sales tax return or remit taxes when due, to submit tax returns and remit taxes more frequently than [~~monthly~~] **quarterly**.

(Ord. 04-10 § 2 (part), 2004).

3.20.350 Refund of excess payment.

A. A seller who, through a clerical or similar error, pays a tax under this chapter that exceeds the amount actually due may receive a refund of the excess payment upon meeting the conditions set out in this section.

B. A seller who has made an excess tax payment as set out in subsection A. of this section, shall be given a refund of the excess if the City receives written notice from the seller of the amount claimed as an excess payment accompanied by satisfactory proof of the excess payment in the form required by

the finance director. The claim and proof must be received not later than the last day of the third month following the [month] quarter for which the excess payment was made, without regard to the [month] quarter during which the payment to the City was actually made.

C. Upon approval of a refund to a seller, the City may pay the refund to the seller or authorize the seller to take the refund as a credit against future [monthly] quarterly tax payments; provided, the amount taken as a credit in any one [month] quarter may not exceed twenty-percent (20%) of the amount otherwise due for the [month] quarter. No interest may be paid on the excess payment.

D. In the event the protest is denied, the seller may, within twenty days of the date of mailing of the notice of denial, file an appeal to the city manager. An appeal to the city manager shall be filed with the finance director who shall immediately forward the appeal to the city manager.

E. A claim for a refund of an excess payment is forever barred if notice and proof of the excess payment are not given within the time required, as set out in subsection B. of this section.

(Ord. 04-10 § 2 (part), 2004).

3.20.450 Other penalties.

A. A seller who fails to file a return as required under this chapter or who fails to remit all the taxes due to the City by that seller shall pay a penalty of ten percent of the taxes due if no return is filed and ten percent of the delinquent amount if a complete return is filed. The penalty shall be imposed for each [month] quarter or part of a [month] quarter during which the delinquency or failure to file exists, up to a maximum of twenty-five percent of the initial delinquency; provided, the total penalty for a single [month] quarter shall not exceed ~~[one thousand five~~

~~hundred dollars]~~ **four thousand five hundred dollars.**
The filing of an incomplete return shall be treated as the filing of no return.

B. A person required to collect a tax under this chapter, who fails to provide a written receipt or invoice setting out the amount of the tax due on the transaction when the amount of the tax is required to be shown on the receipt or invoice, shall pay a penalty to the City equal to twice the amount of the tax due on the sale.

C. A person required to collect a tax under this chapter, who fails or refuses to produce records demanded or allow inspection at such reasonable time as requested or demanded by the finance director shall pay to the City, in addition to any other monies owed under this chapter, a penalty equal to three times any deficiency found or estimated by the finance director to have occurred; provided, the minimum penalty in this regard is five hundred dollars.

D. A person required to maintain records under the provisions of this chapter shall immediately notify the City of any fire, theft or other casualty that might prevent the person from complying with the provisions of this chapter. Such casualty may be a defense to a civil penalty levied under this section, but does not excuse the person from the liability for payment to the City of taxes required to be collected. The unexplained or accidental loss of records, except by fire, theft or casualty, does not excuse a person from the performance of any of the requirements under this chapter. However, careless loss of records does not excuse the person from the liability for payment to the City of taxes required to be collected and careless loss of records is not a defense to the civil penalties levied under this chapter.

(Ord. 04-10 § 2 (part), 2004).

Section 5. This quarterly process rather than a monthly process will be more effective and make it easier on those individuals and entities to report and remit properly and in a timely matter.

Section 6. These revisions shall become effective January 1, 2025 and apply to the first quarter reporting period in 2025 – January 1, 2025 to March 31, 2025.

ENACTED this 7th day of October, 2024.

CITY OF KOTZEBUE

Saima Chase, Mayor

[SEAL]

ATTEST:

Paeton Schaeffer, City Clerk

ATTESTATION: I, Paeton Schaeffer, City Clerk of Kotzebue, hereby attest that the above Code Ordinance, No. 23-07 was duly presented to the Kotzebue City Council, duly published and that a valid public hearing was held and that it was duly enacted on October 7, 2024.

Introduction: September 19, 2024

Published/Posted: September 13, 2024

Republished/Reposted: October 2, 2024

Public Hearing: October 7, 2024

Passage: October 7, 2024