

MUNICIPALITY OF SKAGWAY, ALASKA

RESOLUTION NO. 23-36R

A RESOLUTION OF THE MUNICIPALITY OF SKAGWAY, ALASKA AUTHORIZING THE MUNICIPALITY OF SKAGWAY TO JOIN THE ALASKA REMOTE SELLER SALES TAX COMMISSION FOR THE PURPOSE OF DEVELOPING, IMPLEMENTING, AND ENFORCING A REMOTE SELLERS SALES TAX CODE.

WHEREAS, the inability to effectively collect sales tax on sales of property, products, or services transferred or delivered into Alaska in response to orders placed electronically by consumers with remote sellers, 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 broad-based tax, and municipal sales tax revenues are essential in funding the provision of services by local governments; and

WHEREAS, the failure or inability to collect tax on remote sales creates market distortions by creating tax shelters for businesses that limit their physical presence in the state or cities and boroughs but still sell their goods and services to their consumers, something that becomes easier and more prevalent as technology continues to advance; 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 is a growing problem that is likely to only worsen in the near future; 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, negatively affecting the economy generally, as well as negatively impacting local infrastructure; 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, the recent decision by the United States Supreme Court in *South Dakota v. Wayfair* allows for the amendment of the sales tax code to account for remote sellers who do not have a physical presence in either the state of Alaska or within the Municipality of Skagway, but do have a taxable connection with the state of Alaska and the Municipality of Skagway; and

WHEREAS, the decision in *South Dakota v. Wayfair* provided guidance that included the defensibility of a single-level statewide administration of remote sales tax collection and remittance; and

WHEREAS, in order to implement a single-level statewide sales tax administration, a group of local taxing jurisdictions within Alaska established an intergovernmental entity known as the Alaska Remote Seller Sales Tax Commission (the “Commission”); and

WHEREAS, the function and powers of the Commission are set forth under the Alaska Intergovernmental Remote Seller Sales Tax Agreement (the “Agreement”), a cooperative agreement between Commission members; and

WHEREAS, under the terms of the Agreement, in order to maintain membership in the Commission, the Municipality of Skagway will be required to adopt certain uniform code provisions for the collection and remittance of municipal sales tax applicable to sales made by remote sellers; and

WHEREAS, the uniform remote sales tax code will be presented to the Municipality of Skagway for consideration via ordinance; and

WHEREAS, once the uniform remote sales tax code ordinance is adopted, the administration of remote sales tax collection and remittance will be delegated to the Commission; and

WHEREAS, the intent of the Agreement is to enable Alaska’s taxing jurisdictions to levy their municipal sales tax to the maximum limit of federal and state constitutional doctrines; and

WHEREAS, the Municipality of Skagway has authority under the Alaska Constitution and Title 29 to participate in the financing of, jointly or in cooperation, by agreement, with any one or more other local governments, the State or the United States or an agency or instrumentality of those governments;

NOW THEREFORE BE IT RESOLVED, that the Municipality of Skagway:

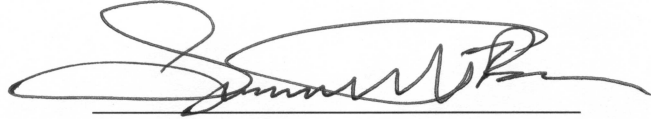
Section 1. Authorization. The Municipality of Skagway authorizes the Manager to negotiate, execute, and submit all necessary documents to obtain and maintain membership in the Alaska Remote Seller Sales Tax Commission.

Section 2. Representation. The Municipality of Skagway designates the Borough Treasurer as the Municipality of Skagway’s representative on the Commission.

Section 3. Scope of Agreement. The Alaska Intergovernmental Remote Seller Sales Tax Agreement is included as Attachment A.

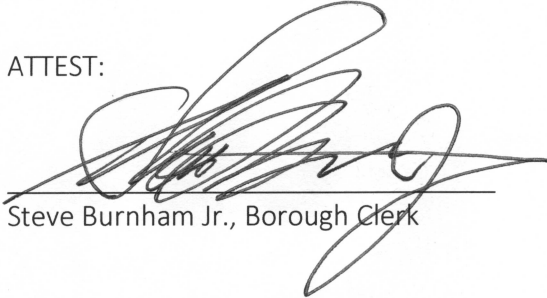
Section 4. Effective Date. This resolution shall be effective immediately after its adoption.

PASSED AND APPROVED this 7th day of December, 2023, by the Assembly of the Municipality of Skagway, Alaska.



Sam Bass, Mayor

ATTEST:



Steve Burnham Jr., Borough Clerk

(SEAL)

