

**Petersburg Borough, Alaska**  
**RESOLUTION #2019-19**

**A Resolution Authorizing the Petersburg Borough to Join the Alaska Remote Seller Sales Tax Commission for the Purpose of Collecting Sales Tax From Remote Sellers**

**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 sales tax revenues are essential in funding the provision of services by local governments; and

**WHEREAS**, the failure 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, affecting the economy generally, as well as 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 Borough Sales Tax Code to account for remote sellers who do not have a physical presence in either the state of Alaska or within the Petersburg Borough, but do have a taxable connection with the state of Alaska and the Petersburg Borough; 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, it is the intent of the Petersburg Borough to join with other local taxing jurisdictions within Alaska to establish an intergovernmental entity known as the Alaska Remote Seller Sales Tax Commission (the "Commission"); and

**WHEREAS**, the function and powers of the Commission will be 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 Petersburg Borough will be required to adopt certain uniform provisions for the collection and remittance of municipal sales tax applicable to sales made by remote seller; and

**WHEREAS**, the uniform provisions will be presented to the Petersburg Borough's Assembly for consideration once adopted by the Commission; and

**WHEREAS**, once 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**, Borough Charter Section 1.05 authorizes the Borough to perform or exercise any of its powers and functions by inter-governmental agreement.

**THEREFORE, BE IT RESOLVED** by the Petersburg Borough Assembly:

**Section 1. Authorization.** The Petersburg Borough Assembly authorizes the Borough 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 Petersburg Borough Assembly designates the Borough Finance Director as the Petersburg Borough'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 upon adoption.

**Passed and Approved by the Petersburg Borough Assembly on December 16, 2019.**

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**Mark Jensen, Borough Mayor**

**Attest:**

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**Debra Thompson, Borough Clerk**