



ASSEMBLY FINANCE COMMITTEE AGENDA

November 06, 2024 at 5:30 PM

Assembly Chambers/Zoom Webinar

<https://juneau.zoom.us/j/93917915176> or 1-253-215-8782 Webinar ID: 939 1791 5176

A. CALL TO ORDER

B. ROLL CALL

C. APPROVAL OF MINUTES

1. **September 18, 2024**

D. AGENDA TOPICS

2. **Gastineau Human Services**

Ordinance 2024-01(b)(P)

3. **Sales Tax Code Revisions**

Ordinance 2024-36 (Amending Alaska Remote Sellers Sales Tax - Housekeeping)

Ordinance 2024-37 (Amending Uniform Sales Tax Code Definitions)

4. **Bond Refundings**

5. **Information Only**

Assembly Grant Process

Utility Rates

E. NEXT MEETING DATE

6. **December 4, 2024**

F. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.gov.

ASSEMBLY FINANCE COMMITTEE MINUTES

September 18, 2024, at 6:00 PM
Assembly Chambers/Zoom Webinar



<https://juneau.zoom.us/j/93917915176> or 1-253-215-8782 Webinar ID: 939 1791 5176

A. CALL TO ORDER

The meeting was called to order at 6:00 pm by Chair Christine Woll.

B. ROLL CALL

Committee Members Present: Chair Christine Woll; Paul Kelly; Ella Adkison; Alicia Hughes-Skandijs; Wade Bryson

Committee Members Present Virtually: Michelle Hale; Greg Smith; Wáahlaal Gíidaak

Committee Members Absent: Mayor Beth Weldon

Staff Members Present: Robert Barr, Deputy City Manager; Adrien Wendel, Budget Manager; Joe Wanner, Bartlett Regional Hospital (BRH) Chief Executive Director; Kim McDowell, BRH Chief Nursing Officer/Chief Operating Officer; Kirk Duncan, Eaglecrest Consultant; Alexandra Pierce, Tourism Manager

Staff Members Absent: Katie Koester, City Manager; Angie Flick, Finance Director

Others Present: Jonathan Swinton, Gastineau Human Services Executive Director

C. APPROVAL OF MINUTES

1. September 4, 2024

The September 4, 2024 minutes were approved as presented.

D. AGENDA TOPICS

2. Bartlett Regional Hospital Support (Supplemental Materials)

Chair Woll stated that this agenda item had been recently added to the meeting and that members of Bartlett Regional Hospital (BRH) and Gastineau Human Services (GHS) were present. She asked assemblymembers if they had any questions for these members.

Assemblymember Hughes-Skandijs asked what the Rainforest Recovery Center (RRC) transition date to GHS was and how the pending ordinance appropriating general funds for RRC, which did not cover the full RRC operational deficit, impacted their plans moving forward.

Jonathan Swinton, GHS Executive Director, introduced himself. He shared that GHS was working on a timeline of adding four beds in October to their facility for the program and four additional beds by the end of the year. He stated that in conjunction with BRH, the GHS executive leadership team was working to speed up this timeline with hopes of opening all eight beds by October 14.

Assemblymember Hughes-Skandijs asked Mr. Swinton if this sped up timeline would put financial strain on GHS.

Mr. Swinton replied that it would. He explained that GHS relies on third party payers for a large percentage of their operating revenue. He stated that the time gap between treatment billing and receiving payment for those services could put the organization in a difficult financial situation.

Assemblymember Kelly asked if the current GHS business model was sustainable.

Mr. Swinton answered that their current model was sustainable thanks to multiple funding sources from community partners, the State, and federal grants.

Assemblymember Bryson asked if additional funding would help with the program transition and if GHS had determined how much funding would be needed.

Mr. Swinton stated that additional funding would help alleviate pressure on GHS while they work to bring on four additional staff members and acquire equipment for the extra workstations. He gave a rough estimate of \$650,000 to cover expenses for the Rainforest Recovery program transition.

Chair Woll asked Mr. Swinton if there were other things GHS needed from the Assembly or BRH to help make this a patient centered transition.

Mr. Swinton responded that there were a variety of things that would help but that it would be better to present those items outside of this meeting. He stated that the housing issue remained the number one barrier to getting patients the recovery results they need. He mentioned that continued support from BRH was needed for the program's sustainability.

Assemblymember Hughes-Skandijs asked the BRH representatives present when Rainforest Recovery services were expected to transition to GHS.

Kim McDowell, BRH Chief Nursing Officer and Chief Operating Officer, responded that the original plan was to have transitioned on January 6 of 2025 but with recent staffing issues the closure date for the program at BRH had been moved to September 24, 2024. She shared that the program has seen up to ten resignations recently and that the way the program is structured, it is essential for it to be fully staffed in order to operate.

Assemblymember Bryson asked how the patients would be cared for through the transition.

Ms. McDowell explained that a majority of the patients were on track to be discharged from the program before the September 24 closure and that four patients would be left in the program. She stated that each of these four patients had a safe discharge plan with sober housing.

Assemblymember Woll asked if BRH leadership made the decision to close the Rainforest Recovery program because of direction from the Assembly at the previous Committee meeting.

Ms. McDowell answered that the Assembly direction was not a factor in the decision to close the program. She stated that the biggest driver of the decision was the influx of staff resignations. BRH leadership had come to the conclusion that without the required staff the program could not remain open.

Assemblymember Smith asked that if the Assembly had previously committed to funding \$1 million to cover half the year of the program cost, would that have changed BRH's trajectory for the program.

Joe Wanner, BRH Executive Director, shared that his opinion was that the program would still have had the same number of staff resignations if the program did not find a way to be permanently funded into the foreseeable future.

Assemblymember Bryson asked if there was a way for BRH and GHS to use the Aurora Behavioral Health facility or other needs outside of this program.

Mr. Wanner explained that this would be difficult to determine because the facility was not set up for showers and toilets to serve patients since it was originally built for behavioral health.

Chair Woll opened the floor to discussion by Assemblymembers on the issue.

Assemblymember Hale acknowledged the various difficulties occurring within the community and expressed that she saw these unfortunate situations as resulting from the post pandemic world. She stated that during this period many hospitals across the country had struggled and closed. She expressed gratitude for GHS and the work they've done to help pick up the pieces from the Rainforest Recovery program closure.

Assemblymember Bryson stated that since BRH had identified services that were not considered to be core services and had moved away from providing those services, they have been able to turn a profit. He advocated for the Assembly to move forward in alignment with BRH's adjustments and face the reality that the Rainforest Recovery program was not able to get enough funding, and bring in enough revenue, to provide the service.

Assemblymember Hughes-Skandijs expressed frustration with the current situation after much discussion at various Committee meetings and that she didn't expect the discussion to turn into a conversation about how to navigate a transition of the program. She stated that the community had expressed how important the program was. She felt it was the Assembly's duty to figure out what adjustments and allocations were needed to make the transition over to GHS successful.

Assemblymember Smith stated that at the last Assembly Finance Committee meeting there was not a motion to fund the program into perpetuity but instead a motion to provide funds for a transition. He expressed that without funding into perpetuity the staffing issues would still have become a major issue. He expressed concern over the City's fund balance and stated that the issue now was what to do with the \$500,000 that is pending appropriation to BRH to support the RRC.

Chair Woll reminded the Body that in previous Committee conversations a majority of the Assembly had expressed the desire to make funding the Rainforest Recovery program a priority. She acknowledged that the ability to go back on the decision to close the program was not feasible and she was ready to move forward in helping with the transition to GHS.

Motion: by Assemblymember Hughes-Skandijs to move to direct staff to amend the ordinance in the packet to be a grant to GHS instead of support to BRH, and update the ordinance to reflect language for "up to" \$500,000.

Objection: by Assemblymember Smith for the purpose of reviewing more GHS financial information to determine what the correct amount of funding for the transition should be.

Assemblymember Adkison expressed support for the motion and stated that because the Assembly had already decided to appropriate these funds for the program at BRH, she felt that appropriating these funds for the program with GHS would make the transition easier for the organization and their patients.

Roll Call Vote on Motion

Ayes: Hughes-Skandijs, Wáahlaal Gíidaak, Bryson, Adkison, Kelly, Chair Woll

Nays: Smith, Hale

Motion passed. Six (6) Ayes, Two (2) Nays.

The Committee recessed at 7:00 pm.

Assemblymember Wáahlaal Gíidaak left the meeting during the break.

The Committee reconvened at 7:11 pm.

3. Eaglecrest: FY25 Funding Review

Kirk Duncan, Eaglecrest Consultant, introduced himself and other Eaglecrest staff and Board members to the Committee. He described his history working in Juneau on the Mt. Roberts Tram, working at Eaglecrest as the general manager, and time spent working with CBJ in three different departments. He explained that at the direction of the Assembly and the City Manager's Office he had been asked to prepare a long-term plan for Eaglecrest. He stated that Eaglecrest had recently hired a new general manager, a new director of base operations and a new director of mountain operations.

Mr. Duncan directed the Body to page ten of the packet, which shows a memo describing the FY25 Eaglecrest funding review. He stated that Eaglecrest had requested a loan for \$518,000 in anticipation that the gondola would be up and running in FY26. He declared that at this point that goal was simply not possible. The current plan shows that, under ideal circumstances, the completion of the gondola would take two construction seasons and would not be operationally ready until summer of 2027.

Mr. Duncan stated that the Eaglecrest Board was now asking for Assembly consideration to change the Eaglecrest FY25 funding from a loan to an increase in General Fund support. He stated that in anticipating Eaglecrest's long-term business plan, cash flow projections would inform the FY26 budgeting process.

Assemblymember Bryson asked if the funding issue could be resolved by delaying the first payment on the loan until FY27 or later, when the gondola would start bringing in revenue.

Mr. Duncan replied by saying he was confident the gondola would be profitable at some point and would be able to pay back the loan but he was not certain what the timeframe for that looked like.

Assemblymember Hughes-Skandijs asked staff how this funding issue would be handled in the upcoming budget cycle for FY26 if the Assembly decided to stay with the loan and not reverse that decision.

Robert Barr, Deputy City Manager, stated that the General Fund loan would most likely be carried as a part of the Eaglecrest fund balance, which would result in a negative fund balance in the budget book. He shared that in previous discussion it was concluded that a loan for this project would not be needed in FY26 but with current knowledge of the situation, that assumption was no longer true. He stated that, from an operational perspective, the amount for the loan in FY25 would need to recur in FY26.

Assemblymember Smith asked staff if they could confirm that if the Assembly did choose to reverse the loan and provide the funding instead from the General Fund, would it have an impact on the General Fund balance.

Adrien Wendel, Budget Manager, stated that the fund balance that was previously presented to the Assembly already considered the impact of this loan and because it is unavailable for appropriation until that amount is repaid, the fund balance would not be reduced by any decision during this meeting.

Assemblymember Hughes-Skandijs asked from the funding that came out of the gondola partnership agreement with the Goldbelt Corporation, how much of these funds had been spent so far.

Mr. Duncan replied that out of the \$12 million funding from the Goldbelt partnership, \$3.5 million had been spent.

Assemblymember Bryson asked how the issue of increasing wages to help with staff retention would be addressed in the long-term Eaglecrest plan.

Mr. Duncan explained how a National Ski Area Association study showed that Juneau's average wage per position was 82% of the national average, which did not take into account the cost of living in Juneau. He described his plan of increasing the lowest paid Eaglecrest employees to roughly \$19 an hour minimum wage and then work in subsequent years to increase wages for the other employees that weren't affected by that pay bump.

Mr. Duncan moved onto the next Eaglecrest FY25 funding review items and stated that no action was needed on these items at this time. He shared that the Eaglecrest Foundation receives \$100,000 from the Juneau Community Foundation Eaglecrest Operating Endowment Fund every year and explained that one concern was that this donor funding would just get incorporated into the budget and supplant General Fund support for Eaglecrest. He stated that he was sharing this information to notify the Committee of the \$100,000 line item and to make them aware of future conversations that would need to be held to address the concern.

Mr. Duncan discussed Eaglecrest Hooter chairlift summer operations and brought up concerns for how these activities could be feasible. He mentioned that the chairlift did not have the ability for guests to ride the chairs back down to the base and that the Eaglecrest road would be littered with construction equipment during gondola construction, prohibiting people from riding the chairlift up the mountain and walking back down. This led him to take the Hooter summer operations off the table for the upcoming summer season.

Assemblymember Hughes-Skandijs asked what the timing looked like for having the signed franchise agreement between Eaglecrest and Goldbelt for the gondola project.

Alexandra Pierce, Tourism Manager, stated that in this agreement there were a number of operational items needing to be worked out, things like which organization's staff needed to work on which part of the project and who controlled the point-of-sale system. She shared that once the new Eaglecrest general manager was brought up to speed with the project, discussions with Goldbelt could commence.

Motion: by Assemblymember Hughes-Skandijs to move to direct Finance and the Manager's Office to view the \$518,000 General Fund loan as an increased General Fund subsidy instead, to be considered as one-time funding.

Motion passed by unanimous consent.

*The Committee recessed at 7:57 pm.
The Committee reconvened at 8:03 pm.*

4. Glacier Outburst Flood Response Appropriations

Chair Woll reminded the Body that at a previous meeting after the 2024 glacial outburst flood there was a request for \$3 million that began the conversation about long-term mitigation strategies and that the Assembly decided to move forward with that ordinance. The topic for tonight's meeting was to discuss which funding sources would provide for the \$3 million appropriation.

Mr. Barr pointed the Body to the memo on page fourteen of the packet which identifies potential funding sources for glacial outburst flood mitigation.

Assemblymember Kelly asked about one of the potential funding sources on the memo where a notation on the memo explains that \$505,000 in funds were expected to be reimbursed from the State. He asked whether the approximately \$400,000 remaining funds were expected to be coming from the federal government and if that amount was expected to be repaid.

Ms. Wendel responded that \$400,000 was funded from Water Utility Funds for repairs to the Mendenhall Wastewater Treatment Plant due to damages sustained during the flood.

Chair Woll directed Assemblymembers to share their ideas on the topic in an organized matter in a similar fashion to the discussion process during budget conversations.

Assemblymember Smith expressed support for de-appropriating \$2 million from the UAS Fisheries Terminal project.

Assemblymember Hughes-Skandijs agreed with Assemblymember Smith's idea and added that while she was opposed to de-appropriating \$900,000 from the Affordable Housing Fund, funds that the Coogan Construction Company had not claimed as a loan, she would support moving funds from the Restricted Budget Reserve and the Capital Civic Center project.

Assemblymember Hale expressed concern for moving funds from the Restricted Budget Reserve. She expressed support for de-appropriating the \$900,000 from the Affordable Housing Fund and clarified that the Affordable Housing Fund would still be sufficiently funded. She expressed opposition to moving funds from the Capital Civic Center project, citing recent large donations that will help to ensure progress on the project if the Assembly stays committed with its support.

Assemblymember Kelly expressed support for de-appropriating \$2 million from the UAS Fisheries Terminal project and expressed opposition for de-appropriating \$900,000 from the Affordable Housing Fund.

Assemblymember Bryson expressed opposition to de-appropriating \$900,000 from the Affordable Housing Fund and moving funds out of the Restricted Budget Reserve. He expressed support for de-appropriating funds from the Capital Civic Center project and stated that this project was not integral to the community's essential health and safety.

Motion: by Assemblymember Smith to move to direct staff to introduce a resolution de-appropriating funds from the UAS Fisheries Land Terminal Purchase Capital Improvement Project.

Motion passed by unanimous consent.

Motion: by Assemblymember Kelly to move that the AFC's intent is to fund the additional \$1 million from the flood appropriation from FY24 personnel service lapse.

Objection: by Assemblymember Hughes-Skandijs.

Roll Call Vote on Motion

Ayes: Kelly, Hale

Nays: Hughes-Skandijs, Smith, Adkison, Bryson, Chair Woll

Motion failed. Two (2) Ayes, Five (5) Nays.

Motion: by Assemblymember Hughes-Skandijs to move to de-appropriate \$1 million from the Capital Civic Center project.

Objection: by Assemblymember Hale.

Assemblymembers Kelly and Smith both expressed opposition to the motion.

Roll Call Vote on Motion

Ayes: Hughes-Skandijs, Adkison, Bryson, Chair Woll

Nays: Hale, Smith, Kelly

Motion failed. Four (4) Ayes, Three (3) Nays.

Motion: by Assemblymember Hughes-Skandijs to move to direct staff to draft an appropriating ordinance from the Restricted Budget Reserve, with a repayment plan outline that is to be worked out with staff.

Motion passed by unanimous consent.

E. NEXT MEETING DATE

5. November 6, 2024

F. SUPPLEMENTAL MATERIALS

6. Bartlett Regional Hospital Support

These materials were discussed under Agenda Topic #2.

7. Eaglecrest Supplemental Information

These materials were discussed under Agenda Topic #3.

G. ADJOURNMENT

The meeting was adjourned at 8:35 pm.



October 22, 2024

To: CBJ Assembly

From: GHS Executive Director Jonathan Swinton, PhD

Thank you for drafting the ordinance for potential approval to provide up to \$500,000 toward our efforts to add eight more beds to our 3.1 residential substance use treatment program. Though it had not been part of our strategic plan to add additional beds to our residential substance use treatment program, we have been working rapidly to respond to requests for our help from Bartlett Regional Hospital administrators and board members, and in meetings with the City Manager’s Office.

The biggest strain this expansion will put on GHS is the use of current capital to add these beds quickly. A deliberate approach over a year’s time would have been ideal to better limit the risk to GHS with such an expansion. When we initially began meetings with Bartlett Regional Hospital, we suggested it would take us a year to open these beds to ensure financial stability through the process. That timeline continues to be quickened, especially with the closure of Rainforest Recovery Center much sooner than we had anticipated. Hence, we have done a lot of heavy lifting and opened the eight additional beds on October 14th. This entailed making temporary moves and adjustments with plans for long-term adjustments to our campus facilities, hiring new personnel, and adding additional programming to our treatment program.

At the recent finance committee meeting it was requested that we nail down more firm numbers regarding what we expect this will cost us to open these additional beds. After reviewing details with our finance director, the estimate of our new expenses in the first year of operation is \$1,021,588.


Additional annual expenses we are taking on with this expansion:

Additions	Annual Cost
Personnel Case managers (2 FTE); clinical supervisor (1 FTE); 24/7 program personnel (1.5 FTE); masters-level clinician (1 FTE)	\$626,735
General Overhead Utilities; repairs; maintenance; supplies; licensing; training	\$81,853
Capital expenses	\$313,000

Additional vehicles (2); remodel spaces to add additional offices; remodel for required ADA accommodations; technical hardware; medication safe/dispenser	
TOTAL	\$1,021,588

If you have any further questions, please let me know.

Signed,



Jonathan Swinton, PhD

Executive Director

Presented by: The Manager
Introduced: October 21, 2024
Drafted by: Finance

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2024-01(b)(P)

An Ordinance Appropriating up to \$500,000 to the Manager as a Grant to Gastineau Human Services for Expanding Residential Substance Use Disorder Beds; Funding Provided by General Funds

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Appropriation. There is appropriated to the Manager the sum of \$500,000 as a grant to Gastineau Human Services for expanding residential substance use disorder beds.

Section 3. Source of Funds

General Funds \$500,000

Section 4. Effective Date. This ordinance shall become effective upon adoption.

Adopted this _____ day of _____, 2024.

Beth A. Weldon, Mayor

Attest:

Elizabeth J. McEwen, Municipal Clerk

Ordinance 2024-01(b)(P)
Manager's Report

An Ordinance Appropriating up to \$500,000 to the Manager as a Grant to Gastineau Human Services for Expanding Residential Substance Use Disorder Beds; Funding Provided by General Funds.

This ordinance would appropriate up to \$500,000 of general funds as a grant to Gastineau Human Services (GHS) for expanding residential substance use disorder beds. These expanded services, anticipated to go into effect on January 6, 2025, are part of a plan to transition 3.1 level of care from Bartlett Regional Hospital's Rainforest Recovery Center (RRC) that closed on September 24, 2024 due to operational financial deficits. This one-time funding is intended to assist GHS with initial startup costs associated with transition of care from RRC.

The Assembly Finance Committee reviewed this request at the September 18, 2024 meeting.



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

155 Heritage Way
Juneau, AK 99801
Phone: (907) 586-5215

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.



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Presented by:
Presented:
Drafted by: N. Lynch

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2024-36

An Ordinance Amending the Uniform Alaska Remote Sellers Sales Tax Code.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the City and Borough of Juneau Municipal Code.

Section 2. Amendment of Chapter. Chapter 69.06 Uniform Alaska Remote Seller Sales Tax, is amended to read:

69.06.010 Interpretation.

- (a) In order to prevent evasion of the sales taxes and to aid in its administration, it is presumed that all sales and services by a person or entity engaging in business are subject to the sales tax.
- (b) The application of the tax to be collected under this chapter shall be broadly construed and shall favor inclusion rather than exclusion.
- (c) Exemptions from the tax to be collected under this chapter shall be narrowly construed against the claimant and allowed only when such exemption clearly falls within an exemption in the member jurisdiction's code.
- (d) The scope of this chapter shall apply to remote sellers or marketplace facilitators, delivering products or services into member municipalities adopting this Code, within the State of Alaska.

69.06.020 Title to collected sales tax.

Upon collection by the remote seller or marketplace facilitator, title to collected sales tax vests in the commission for remittance to the member jurisdiction. The remote seller or marketplace facilitator remits collected sales tax to the commission on behalf of the taxing

jurisdiction, from whom that power is delegated, in trust for the member jurisdiction and is accountable to the commission and member jurisdiction.

69.06.030 Collection; rate.

- (a) To the fullest extent permitted by law, the sales tax levied and assessed by the member jurisdiction shall be collected on all remote sales where delivery is made within the member jurisdiction, within the state of Alaska.
- (b) The applicable tax shall be added to the sales price as provided in the member jurisdiction’s sales tax code, based on point of delivery, and based on the date the property or product was sold or the date the service rendered was received.
- ~~(c)~~ ~~The tax rate added to the sale price shall be the tax rate for the member jurisdiction(s) where the property or product is sold or service that was rendered is received, and based on the date the property or product was sold or the date the service rendered was received.~~
- ~~(d)~~(c) An address and tax rate database will be made available to remote sellers and marketplace facilitators, indicating the appropriate tax rate to be applied.
- ~~(e)~~(d) The tax assessed shall be consistent with relevant jurisdictional tax caps, single unit sales, and exemptions.
- ~~(f)~~(e) When a sale is made on an installment basis, the applicable sales tax shall be collected at each payment, calculated at the sales tax rate in effect, and with the cap applied, at the time of the original sale or the date the service is rendered, based on the member jurisdictions’ code(s).
- ~~(g)~~(f) When a sales transaction involves placement of a single order with multiple deliveries made at different points in time that are separately invoiced, the applicable sales tax shall be collected on each separately invoiced delivery, calculated at the sales tax rate in effect, and with the cap applied, at the time of the original sale or the date the service is rendered.
- (g) The sales tax levied and assessed by the member jurisdiction may be included in the sales price on taxable sales where buyer and seller convenience would be substantially enhanced, provided the seller clearly communicates to the buyer that sales tax is being imposed.

69.06.040 Obligation to collect tax; threshold criteria.

- (a) Any remote seller or marketplace facilitator must collect and remit sales tax in compliance with all applicable procedures and requirements of law, provided the remote seller or marketplace facilitator has met ~~one of~~ the following threshold criteria (“threshold criteria”) in the current or previous calendar year:

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~~(1) The remote seller's statewide gross sales, including the seller's marketplace facilitator's statewide gross sales, from the sale(s) of property, products or services delivered into the state meets or exceeds \$100,000.00; or~~

~~(2) The remote seller, including the seller's marketplace facilitator, sold property, products, or services delivered into the state in 200 or more separate transactions.~~

(b) For purposes of determining whether the threshold criteria are met, remote sellers or marketplace facilitators shall include all gross sales, from all sales of goods, property, products, or services rendered within the state of Alaska.

(c) The following marketplace facilitators are excluded from the obligation to collect tax outlined in this section:

(1) Delivery network companies that deliver tangible personal property on behalf of a marketplace seller that is engaged in business in a member jurisdiction.

(2) Marketplaces facilitating the rental of transient lodging accommodations in hotels, commercial transient lodging facilities, homes, apartments, cabins, or other residential dwelling units, and

(3) Marketplaces that facilitate or perform travel agency services.

69.06.050 Reporting and remittance requirements for local and remote sales.

(a) Sellers with a physical presence in a member jurisdiction conducting only local sales shall report and remit to, and comply with standards of, including audit authority, the member jurisdiction.

(b) Sellers with a physical presence in a member jurisdiction that also have remote or internet-based sales where the point of delivery is in a different member jurisdiction shall:

(1) Report and remit the remote or internet sales to the commission; and

(2) Report and remit the local sales to the member jurisdiction.

(c) Sellers with a physical presence in a member jurisdiction that also have remote or internet-based sales where the point of delivery is in the same member jurisdiction shall report and remit those remote sales to the member jurisdiction.

(d) Sellers and marketplace facilitators that do not have a physical presence in a member jurisdiction must report and remit to the commission all remote sales

where the point of delivery is in a member jurisdiction.

(e) A marketplace facilitator is considered the remote seller for each sale facilitated through its marketplace and shall collect, report, and remit sales tax to the commission. ~~A marketplace facilitator is not considered to be the remote seller for each sale or rental of lodging facilitated through its marketplace, wherein the seller is considered to have a physical presence in the member jurisdiction.~~

(f) The following marketplace facilitators shall report and remit to, and comply with standards of, including audit authority, the member jurisdiction:

(1) Delivery network companies that deliver tangible personal property on behalf of a marketplace seller that is engaged in business in a member jurisdiction,

(2) Marketplaces facilitating the rental of transient lodging accommodations in hotels, commercial transient lodging facility, homes, apartments, cabins or other residential dwelling units, and

(3) Marketplaces that facilitate or perform travel agency services.

69.06.060 Bundled transactions.

(a) If the sales price of a bundled transaction is attributable to products or services that are taxable and products or services that are nontaxable, the portion of the sales price attributable to the nontaxable products may be subject to tax unless the seller can identify the nontaxable portion by reasonable and verifiable standards using its books or records that are kept in the regular course of business for other purposes, including, but not limited to, non-tax purposes.

(b) A bundled transaction as defined in CBJ 69.06.270 does not qualify for exemption under a member jurisdiction’s single item cap or single service cap exemption.

(1) A seller may separate the respective portions of a bundle for purposes of applying a member jurisdiction’s single item or single service tax cap to each respective portion.

(2) The seller should identify the sales price attributed to each portion by reasonable and verifiable standards using its books or records that are kept in the regular course of business for other purposes, including, but not limited to, non-tax purposes.

69.06.0760 No retroactive application.

The obligations to collect and remit sales tax required by this chapter are applicable at the effective date of the member jurisdiction’s ordinance adopting the Alaska Remote Seller Sales Tax Code.



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3 **69.06.0870 Payment and collection.**

4 Pursuant to this chapter, taxes imposed shall be due and paid by the buyer to the remote
5 seller or marketplace facilitator at the time of the sale of property or product or date service is
6 rendered, or with respect to credit transactions, at the time of collection. It shall be the duty of
7 each remote seller or marketplace facilitator to collect the taxes from the buyer and to hold
8 those taxes in trust for the taxing authority of the member jurisdiction. Failure by the remote
9 seller or marketplace facilitator to collect the tax shall not affect the remote seller's, or
10 marketplace facilitator's, responsibility for payment to the commission.

11 **69.06.0980 Remote seller and marketplace facilitator registration requirement.**

12 (a) If a remote seller's gross statewide sales meets or exceeds the threshold criteria
13 under CBJ 69.06.040, the remote seller shall register with the commission. If the
14 remote seller is a marketplace seller and only makes sales in Alaska through a
15 marketplace, the marketplace seller is not required to register with the commission.
16 The marketplace seller must submit an affidavit attesting to these facts on a form
17 provided by the commission.

18 (b) If a marketplace facilitator's gross statewide sales meets or exceeds the threshold
19 criteria under CBJ 69.06.040, the marketplace facilitator shall register with the
20 commission. This requirement does not apply to the following marketplace
21 facilitators:

22 (1) Delivery network companies that deliver tangible personal property on
23 behalf of a marketplace seller that is engaged in business in a member
24 jurisdiction.

25 (2) Marketplaces facilitating the rental of transient lodging accommodations in
hotels, commercial transient lodging facility, homes, apartments, cabins or
other residential dwelling units, and

(3) Marketplaces that facilitate or perform travel agency services.

(c) A remote seller or marketplace facilitator meeting the threshold criteria shall apply
for a certificate of sales tax registration within 30 calendar days of the effective date
of this chapter or within 30 calendar days of meeting the threshold criteria,
whichever occurs second. Registration shall be to the commission on forms
prescribed by the commission.

(d) An extension may be applied for and granted based on criteria established by the
commission, based on evidence produced to describe time necessary to update
software or other technical needs, not to exceed 90 days.

(e) Upon receipt of a properly executed application, the commission shall confirm

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2 registration, stating the legal name of the remote seller or marketplace facilitator,
3 the primary address, and the primary sales tax contact name and corresponding
4 title. The failure of the commission to confirm registration does not relieve the
remote seller or marketplace facilitator of its duty to collect and remit sales tax.

- 5 (f) Each business entity shall have a sales tax registration under the advertised name.
- 6 (g) The sales tax certificate is non-assignable and non-transferable.
- 7 (h) The sales tax certificate satisfies a member jurisdiction’s requirement to obtain a
8 municipal business license, provided the remote seller does not have a physical
presence in that member jurisdiction.

9 **69.06.090100 Tax filing schedule.**

10 (a) All remote sellers or marketplace facilitators subject to this chapter shall file a
11 return on a form or in a format prescribed by the commission and shall pay the tax
12 due.

13 (b) Filing of sales tax returns are due monthly; quarterly or less frequent filing is
14 optional upon application and approval by the commission, consistent with the code
of the member jurisdiction.

15 (c) A remote seller or marketplace facilitator who has filed a sales tax return will be
16 presumed to be making sales in successive periods unless the remote seller or
marketplace facilitator files a return showing a termination or sale of the business
17 in accordance with this chapter.

18 (d) The completed and executed return, together with the remittance in full for the tax
19 due, shall be transmitted to and must be received by the commission on or before
midnight Alaska Standard Time on the due date. Monthly returns are due the last
day of the immediate subsequent month. Quarterly returns are due as follows:

- 20 Quarter 1 (January – March): April 30.
- 21 Quarter 2 (April – June): July 31.
- 22 Quarter 3 (July – September): October 31.
- Quarter 4 (October – December): January 31.

23 ~~(e) If the last day of the month following the end of the filing period falls on a~~
24 ~~Saturday, Sunday, federal holiday, or Alaska state holiday, the due date will be~~
~~extended until the next business day immediately following.~~

25 (e)(f) Any remote seller or marketplace facilitator holding a remote seller registration
shall file a sales tax return even though no tax may be due. This return shall show
why no tax is due. If the remote seller or marketplace facilitator intends to continue
doing business a return shall be filed reflecting no sales and a confirmation of the

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2 intent to continue doing business and shall continue to do so each filing period until
3 the entity ceases doing business or sells the business. If the remote seller or
4 marketplace facilitator intends to cease doing business, a final return shall be filed
along with a statement of business closure.

5 ~~(f)~~(g) The remote seller or marketplace facilitator shall prepare the return and remit
6 sales tax to the commission on the same basis, cash or accrual, which the remote
7 seller or marketplace facilitator uses in preparing its federal income tax return. The
8 remote seller or marketplace facilitator shall sign the return, and transmit the
return, with the amount of sales tax and any applicable penalty, interest, or fees
that it shows to be due, to the commission.

9 ~~(g)~~(h) Remote sellers and marketplace facilitators failing to comply with the provisions of
10 this chapter shall, if required by the commission and if quarterly filing has been
11 chosen, file and transmit collected sales taxes more frequently until such time as
12 they have demonstrated to the commission that they are or will be able to comply
with the provisions of this chapter. Six consecutive on-time sales tax filings, with
full remittance of the sales taxes collected, shall establish the presumption of
compliance and return to quarterly filing.

13 ~~(h)~~(i) The preparer of the sales tax return shall keep and maintain all documentation
14 supporting any and all claims of exempted sales and purchases. Documentation for
15 exempted sales should include the number of the exemption authorization card
16 presented by the buyer at the time of the purchase, the date of the purchase, the
17 name of the person making the purchase, the organization making the purchase,
18 the total amount of the purchase, and the amount of sales tax exempted. This
documentation shall be made available to the commission upon request. Failure to
provide such documentation may invalidate that portion of the claim of exemption
for which no documentation is provided.

19 **69.06.1100 Estimated tax.**

20 (a) In the event the commission is unable to ascertain the tax due from a remote seller
21 or marketplace facilitator by reason of the failure of the remote seller or
22 marketplace facilitator to keep accurate books, allow inspection, or file a return, or
23 by reason of the remote seller or marketplace facilitator filing a false or inaccurate
return, the commission may make an estimate of the tax due based on any evidence
in their possession.

24 (b) Sales taxes may also be estimated, based on any information available, whenever
25 the commission has reasonable cause to believe that any information on a sales tax
return is not accurate.

(c) A remote seller's or marketplace facilitator's tax liability under this chapter may be
determined and assessed for a period of three years after the date the return was
filed or due to be filed with the commission. No civil action for the collection of such

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tax may be commenced after the expiration of the three-year period except an action for taxes, penalties, and interest due from those filing periods that are the subject of a written demand or assessment made within the three-year period, unless the remote seller or marketplace facilitator waives the protection of this section.

(d) The commission shall notify the remote seller or marketplace facilitator, in writing, that the commission has estimated the amount of sales tax that is due from the remote seller or marketplace facilitator. The commission shall serve the notice on the remote seller or marketplace facilitator by delivering the notice to the remote seller’s or marketplace facilitator’s place of business, or by mailing the notice by certified mail, return receipt requested, to the remote seller’s or marketplace facilitator’s last known mailing address. A remote seller or marketplace facilitator who refuses the certified mail will be considered to have accepted the certified mail for purposes of service.

(e) The commission’s estimate of the amount of sales tax that is due from a remote seller or marketplace facilitator shall become a final determination of the amount that is due unless the remote seller or marketplace facilitator, within 30 calendar days after service of notice of the estimated tax:

- (1) Files a complete and accurate sales tax return for the delinquent periods supported by satisfactory records and accompanied by a full remittance of all taxes, interest, penalties, costs, and other charges due; or
- (2) Files a written notice with the commission appealing the estimated tax amount in accordance with the appeal procedures under the provisions of CBJ 69.06.160.
- (3) Arguments or reasons for failure to timely file a return and remit taxes collected shall not be considered a valid basis or grounds for granting an appeal. The basis and grounds for granting an appeal of an assessment are:
 - (A) The identity of the remote seller or marketplace facilitator is in error;
 - (B) The amount of the debt is erroneous due to a clerical error (and the nature and extent of the error is specified in the request for appeal); or
 - (C) The remote seller or marketplace facilitator disputes the denial of exemption(s) for certain sales.

(f) The amount of sales tax finally determined to be due under this section shall bear interest and penalty from the date that the sales tax originally was due, plus an additional civil penalty of \$50-00 for each calendar month or partial month for which the amount of sales tax that is due has been determined.

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3 **69.06.1210 Returns; filing contents.**

- 4 (a) Every remote seller or marketplace facilitator required by this chapter to collect
5 sales tax shall file with the commission upon forms furnished by the commission a
6 return setting forth the following information:
 - 7 (1) Gross sales ~~rounded to the nearest dollar~~;
 - 8 (2) The nontaxable portions separately stating the amount of sales revenue
9 attributable to each class of exemption ~~rounded to the nearest dollar~~;
 - 10 (3) Computation of taxes to be remitted;
 - 11 (4) Calculated discount (if applicable) based on member jurisdiction’s code; and
 - 12 (5) Such other information as may be required by the commission.
- 13 (b) Each tax return remitted by a remote seller or marketplace facilitator shall be
14 signed (digital or otherwise) by a responsible individual who shall attest to the
15 completeness and accuracy of the information on the tax return.
- 16 (c) The commission reserves the right to reject a filed return for failure to comply with
17 the requirements of this Code for up to three months from the date of filing. The
18 commission shall give written notice to a remote seller or marketplace facilitator
19 that a return has been rejected, including the reason for the rejection.

18 **69.06.1320 Refunds.**

- 19 (a) Upon request from a buyer or remote seller or marketplace facilitator, the
20 commission shall provide a determination of correct tax rate and amount applicable
21 to the transaction. In the case of an overpayment of taxes, the remote seller or
22 marketplace facilitator shall process the refund and amend any returns accordingly.
- 23 (b) A claim for a refund of sales taxes collected in error shall be denied unless:
 - 24 (1) The claimant files a claim for refund with the Commission within one year
25 of the date of sale, on the form prescribed by the Commission; and
 - (2) If the claimant is a remote seller or marketplace facilitator, and the tax
refund is owed to any buyer, the remote seller or marketplace facilitator
submits, and the commission approves, a refund plan to all affected buyers.
- (c) Interest will not be paid on tax refund requests filed with the commission.

(d) ~~The member jurisdictions may allow a buyer to request a refund directly from the member jurisdiction.~~

69.06.1430 Amended returns.

- (a) A remote seller or marketplace facilitator may file an amended sales tax return, with supporting documentation, and the commission may accept the amended return, but only in the following circumstances:
 - (1) The amended return is filed within one year of the original due date for the return for amended returns reducing the originally reported tax due; and
 - (2) The remote seller or marketplace facilitator provides a written justification for requesting approval of the amended return; and
 - (3) The remote seller or marketplace facilitator agrees to submit to an audit upon request of the commission.
 - (4) An amended return that increases the tax due from the amount originally reported can be submitted by a remote seller or marketplace facilitator at any time.
- (b) The commission shall notify the remote seller or marketplace facilitator in writing (by email or otherwise) whether the commission accepts or rejects an amended return, including the reasons for any rejection.
- (c) The commission may adjust a return for a remote seller or marketplace facilitator if, after investigation, the commission determines the figure included in the original returns are incorrect; and the commission adjusts the return within three years of the original due date for the return.
- (d) A remote seller or marketplace facilitator may file a supplemental sales tax return, with supporting documentation, and the commission may accept the supplemental return, but only in the following circumstances:
 - (1) The remote seller or marketplace facilitator provides a written justification for requesting approval of the supplemental return; and
 - (2) The remote seller or marketplace facilitator agrees to submit to an audit upon request of the commission.

69.06.1540 Extension of time to file tax return.

Upon written application of a remote seller or marketplace facilitator, stating the reasons therefor, the commission may extend the time to file a sales tax return but only if the commission finds each of the following:

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- (1) For reasons beyond the remote seller’s or marketplace facilitator’s control, the remote seller or marketplace facilitator has been unable to maintain in a current condition the books and records that contain the information required to complete the return;
- (2) Such extension is a dire necessity for bookkeeping reasons and would avert undue hardship upon the remote seller or marketplace facilitator;
- (3) The remote seller or marketplace facilitator has a plan to cure the problem that caused the remote seller or marketplace facilitator to apply for an extension and the remote seller or marketplace facilitator agrees to proceed with diligence to cure the problem;
- (4) At the time of the application, the remote seller or marketplace facilitator is not delinquent in filing any other sales tax return, in remitting sales tax to the commission or otherwise in violation of this chapter;
- (5) No such extension shall be made retroactively to cover existing delinquencies.

69.06.1650 Audits.

- (a) Any remote seller or marketplace facilitator who has registered with the commission, who is required to collect and remit sales tax, or who is required to submit a sales tax return is subject to a discretionary sales tax audit at any time. The purpose of such an audit is to examine the business records of the remote seller or marketplace facilitator in order to determine whether appropriate amounts of sales tax revenue have been collected by the remote seller or marketplace facilitator and remitted to the commission.
- (b) The commission is not bound to accept a sales tax return as correct. The commission may make an independent investigation of all retail sales or transactions conducted within the State or member jurisdiction.
- (c) The records that a remote seller or marketplace facilitator is required to maintain under this chapter shall be subject to inspection and copying by authorized employees or agents of the commission for the purpose of auditing any return filed under this chapter, or to determine the remote seller’s or marketplace facilitator’s liability for sales tax where no return has been filed.
- (d) In addition to the information required on returns, the commission may request, and the remote seller or marketplace facilitator must furnish, any reasonable information deemed necessary for a correct computation of the tax.

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(e) The commission may adjust a return for a remote seller or marketplace facilitator if, after investigation or audit, the commission determines that the figures included in the original return are incorrect, and that additional sales taxes are due; and the commission adjusts the return within three of the original due date for the return.

(f) If after investigation or audit, the commission determines that he remote seller or marketplace facilitator over-collected sales taxes, the remote seller or marketplace facilitator may request a refund with the submission of a detailed refund plan outlining the process by which the impacted customer will be refunded; the refund plan must be approved by the commission before the refund will be issued to the remote seller or marketplace facilitator.

(g)(f) For the purpose of ascertaining the correctness of a return or the amount of taxes owed when a return has not been filed, the commission may conduct investigations, hearings, and audits, and may examine any relevant books, papers, statements, memoranda, records, accounts, or other writings of any remote seller or marketplace facilitator at any reasonable hour on the premises of the remote seller or marketplace facilitator, and may require the attendance of any officer or employee of the remote seller or marketplace facilitator. Upon written demand by the commission, the remote seller or marketplace facilitator shall present for examination, in the office of the commission, such books, papers, statements, memoranda, records, accounts, and other written material as may be set out in the demand unless the commission and the person upon whom the demand is made agree to presentation of such materials at a different place.

(h)(g) The commission may issue subpoenas to compel attendance or to require production of relevant books, papers, records, or memoranda. If any remote seller or marketplace facilitator refuses to obey any such subpoena, the commissioner may refer the matter to the commission’s attorney for an application to the superior court for an order requiring the remote seller or marketplace facilitator to comply there with.

(i)(h) Any remote seller, marketplace facilitator, or person engaged in business who is unable or unwilling to submit their records to the commission shall be required to pay the commission for all necessary expenses incurred for the examination and inspection of their records maintained outside the commission.

(j)(i) After the completion of a sales tax audit, the results of the audit will be sent to the business owner’s address of record.

(k)(j) In the event the commission, upon completion of an audit, discovers more than \$500.00 in additional sales tax due from a remote seller or marketplace facilitator resulting from a remote seller’s or marketplace facilitator’s failure to accurately report sales and taxes due thereupon, the remote seller or marketplace facilitator shall bear responsibility for the full cost of the audit. The audit fee assessment will be in addition to interest and penalties applicable to amounts deemed to be

delinquent by the commission at the time of the conclusion of the audit.

69.06.1760 ~~Audit or estimated tax protest~~ Protests.

- (a) If the remote seller or marketplace facilitator wishes to dispute a finding of the commission involving taxable sales, sales taxes, or penalties and interest the amount of the estimate, or the results of an examination or audit, the remote seller or marketplace facilitator must file a written protest with the commission protest review committee, within 30 calendar days of the date of the written notice of the commission's findings-estimated tax or results of an audit or examination. The protest must set forth:
- (1) The remote seller's or marketplace facilitator's justification for reducing or increasing the taxes, penalties, or interest due from the commission's findings-estimated tax amount, including any missing sales tax returns for the periods estimated; or
 - (2) The remote seller's or marketplace facilitator's reasons for challenging the commission's findings-examination or audit results.
- (b) In processing the protest, the commission protest review committee may hold an informal meeting or hearing with the remote seller or marketplace facilitator, either on its own or upon request of the remote seller or marketplace facilitator, and may also require that the remote seller or marketplace facilitator submit to an audit, if one was not previously conducted or a more formal audit, if an estimation audit was previously performed.
- (c) The commission-protest review committee shall make a final written determination on the remote seller's or marketplace facilitator's protest and mail a copy of the determination to the remote seller or marketplace facilitator.
- (d) If a written protest is not filed within 30 days of the date of the written notice of estimated tax or the result of a review, audit, or examination-the commission's findings, then the estimated tax, review, audit, or examination result findings shall be final, due and payable to the commission.

69.06.1870 ~~Penalties and interest for late filing.~~

- (a) A late filing fee of ~~\$25-00~~ per month, or fraction thereof, shall be added to all late-filed sales tax reports, until a total of ~~\$100-00~~ has been reached. An incomplete return shall be treated as the filing of no return.
- (b) Delinquent sales tax bear interest at the rate of 15 percent per annum until paid.
- (c) In addition, delinquent sales tax shall be subject to an additional penalty of five percent per month, or fraction thereof, until a total of 20 percent of delinquent tax

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has been reached. The penalty does not bear interest.

(d) Penalties and interest shall be assessed and collected in the same manner as the tax is assessed and collected, and applied first to penalties and interest, second to past due sales tax.

(e) The filing of an incomplete return, or the failure to remit all tax, shall be treated as the filing of no return.

(f) A penalty assessed under this section for the delinquent remittance of sales tax or failure to file a sales tax return may be waived by the commission, upon written application of the remote seller or marketplace facilitator accompanied by a payment of all delinquent sales tax, interest, and penalty otherwise owed by the remote seller or marketplace facilitator, within 45 calendar days after the date of delinquency. A remote seller or marketplace facilitator may not be granted more than one waiver of penalty under this subsection in any one calendar year, in accordance with the commission’s penalty waiver policy. The commission shall report such waivers of penalty to the member jurisdiction, in writing.

69.06.1980 Remote reseller certificate of exemption.

(a) A remote seller with no physical presence in a member jurisdiction purchasing goods or services for the express purpose of resale to buyer(s) located in that member jurisdiction shall apply for a resale certificate through the commission.

(b) The Remote Reseller Certificate of Exemption will expire at the end of the calendar year it is issued.

69.06.19200 Repayment plans.

(a) The commission may agree to enter into a repayment plan with a delinquent remote seller or marketplace facilitator. No repayment plan shall be valid unless agreed to by both parties in writing.

(b) A remote seller or marketplace facilitator shall not be eligible to enter into a repayment plan with the commission if the remote seller or marketplace facilitator has defaulted on a repayment plan in the previous two calendar years.

(c) The repayment plan shall include a secured promissory note that substantially complies with the following terms:

(1) The remote seller or marketplace facilitator agrees to pay a minimum of 10 ~~ten~~ percent down payment on the tax, interest, and penalty amount due. The down payment shall be applied first to penalty, then to accumulated interest, and then to the tax owed.

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(2) The remote seller or marketplace facilitator agrees to pay the balance of the tax, penalty and interest owed in monthly installments over a period not to exceed two years.

(3) Interest at a rate of 15 percent per annum shall accrue on the principal sum due. Interest shall not apply to penalties owed or to interest accrued at the time the repayment plan is executed or accruing during the term of the repayment plan.

(4) If the remote seller or marketplace facilitator is a corporation or a limited liability entity the remote seller or marketplace facilitator agrees to provide a personal guarantee of the obligations under the repayment plan.

(5) The remote seller or marketplace facilitator agrees to pay all future tax bills in accordance with the provisions of this chapter.

(6) The remote seller or marketplace facilitator agrees to provide a security interest in the form of a sales tax lien for the entire unpaid balance of the promissory note to be recorded by the commission at the time the repayment plan is signed. The remote seller or marketplace facilitator shall be responsible for the cost of recording the tax lien.

(d) If a remote seller or marketplace facilitator fails to pay two or more payments in accordance with the terms of the repayment plan agreement, the remote seller or marketplace facilitator shall be in default and the entire amount owed at the time of default shall become immediately due. The commission will send the remote seller or marketplace facilitator a notice of default. The commission may immediately foreclose on the sales tax lien or take any other remedy available under the law.

69.06.2100 Remote seller or marketplace facilitator record retention.

Remote sellers or marketplace facilitators shall keep and preserve suitable records of all sales made and such other books or accounts as may be necessary to determine the amount of tax that the remote seller or marketplace facilitator is obliged to collect. Remote sellers or marketplace facilitators shall preserve suitable records of sales for a period of three years from the date of the return reporting such sales, and shall preserve for a period of three years all documentation supporting exempted sales of goods or services, and all such other books, invoices, and records as may be necessary to accurately determine the amount of taxes which the remote seller or marketplace facilitator was obliged to collect under this chapter.

69.06.2210 Cessation or transfer of business.

(a) A remote seller or marketplace facilitator who sells, leases, conveys, forfeits, assigns, gifts, or otherwise transfers (collectively, a “transfer”) the majority of their

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business interest, including to a creditor or secured party, shall make a final sales tax return within 30 days after the date of such conveyance.

- (b) At least ~~ten~~ 10 business days before any such transfer is completed, the remote seller or marketplace facilitator shall send to the commission, by approved communication (email confirmation, certified first-class mail, postage prepaid) a notice that the remote seller’s or marketplace facilitator’s interest is to be conveyed and shall include the name, address, and telephone number of the person or entity to whom the interest is to be conveyed.
- (c) Upon notice of transfer and disclosure of buyer, the commission shall be authorized to disclose the status of the remote seller’s or marketplace facilitator’s sales tax account to the named buyer or assignee.
- (d) Upon receipt of notice of a transfer, the commission shall send the transferee a copy of the Uniform Alaska Remote Seller Sales Tax Code with this section highlighted.
- (e) Neither the commission’s failure to give the notice nor the transferee’s failure to receive the notice shall relieve the transferee of any obligations under this section.
- (f) Following receipt of the notice, the commission shall have 60 days in which to perform a final sales tax audit and assess sales tax liability against the remote seller or marketplace facilitator. If the notice is not mailed at least ~~ten~~ 10 business days before the transfer is completed, the commission shall have 12 months from the date of the completion of the transfer or the commission’s knowledge of the completion of the transfer within which to begin a final sales tax audit and assess sales tax liability against the remote seller or marketplace facilitator. The commission may also initiate an estimated assessment if the requirements for such an assessment exist.
- (g) A person acquiring any interest of a remote seller or marketplace facilitator in a business required to collect the tax under this chapter assumes the liability of the remote seller or marketplace facilitator for all taxes due the commission, whether current or delinquent, whether known to the commission or discovered later, and for all interest, penalties, costs, and charges on such taxes.
- (h) Before the effective date of the transfer, the transferee of a business shall obtain from the commission an estimate of the delinquent sales tax, penalty, and interest, if any, owed by the remote seller or marketplace facilitator as of the date of the transfer, and shall withhold that amount from the consideration payable for the transfer, until the remote seller or marketplace facilitator has produced a receipt from the commission showing that all tax obligations imposed by this chapter have been paid. A transferee that fails to withhold the amount required under this subsection shall be liable to the commission and taxing jurisdiction for the lesser of the amount of delinquent sales tax, penalty, and interest due from the remote seller or marketplace facilitator as of the date of transfer, and the amount that the

transferee was required to withhold.

(i) In this section, the term “transfer” includes the following:

(1) A change in voting control, or in more than 50 percent of the ownership interest in a remote seller or marketplace facilitator that is a corporation, limited liability company, or partnership; or

(2) A sale of all or substantially all the assets used in the business of the remote seller or marketplace facilitator; or

(3) The initiation of a lease, management agreement, or other arrangement under which another person becomes entitled to the remote seller’s or marketplace facilitator’s gross receipts from sales, rentals, or services.

(j) Subsection (h) of this section shall not apply to any person who acquires their ownership interest in the ongoing business as a result of the foreclosure of a lien that has priority over the commission’s sales tax lien.

(k) Upon termination, dissolution, or abandonment of a business entity, any officer having control or supervision of sales tax funds collected, or who is charged with responsibility for the filing of returns or the payment of sales tax funds collected, shall be personally liable for any unpaid taxes, interest, administrative costs, and penalties on those taxes if such person willfully fails to pay or cause to be paid any taxes due from the entity. In addition, regardless of willfulness, each director, member, or general partner of the entity shall be jointly and severally liable for unpaid amounts. The person shall be liable only for taxes collected which became due during the period he or she had the control, supervision, responsibility, or duty to act for the entity. This section does not relieve the entity of other tax liabilities or otherwise impair other tax collection remedies afforded by law.

(l) A remote seller or marketplace facilitator who terminates the business without the benefit of a purchaser, successor, or assign shall make a final tax return and settlement of tax obligations within 30 days after such termination. If a final return and settlement are not received within 30 days of the termination, the remote seller or marketplace facilitator shall pay a penalty of \$100.00, plus an additional penalty of \$25.00 for each additional thirty-day period, or part of such a period, during which the final return and settlement have not been made, for a maximum of six additional periods.

69.06.2320 Use of information on tax returns.

(a) Except as otherwise provided in this chapter, all returns, reports, and information required to be filed with the commission under this chapter, and all information contained therein, shall be kept confidential and shall be subject to inspection only by:

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- (1) Employees and agents of the commission and member jurisdiction whose job responsibilities are directly related to such returns, reports, and information;
- (2) The person supplying such returns, reports, and information; and
- (3) Persons authorized in writing by the person supplying such returns, reports, and information.

(b) The commission will release information described in subsection (a) of this section pursuant to subpoena, order of a court or administrative agency of competent jurisdiction, and where otherwise required by law to do so.

(c) Notwithstanding subsection (a) of this section, the following information is available for public inspection:

- (1) The name and address of sellers and marketplace facilitators;
- (2) Whether a business is registered to collect taxes under this chapter;
- (3) The name and address of businesses that are 60 days or more delinquent in filing returns or in remitting sales tax, or both filing returns and remitting sales tax, and if so delinquent, the amount of estimated sales tax due and the number of returns not filed.

(d) The commission may provide the public statistical information related to sales tax collections, provided that no information identifiable to a particular remote seller or marketplace facilitator is disclosed.

(e) Nothing contained in this section shall be construed to prohibit the delivery to a person, or their duly authorized representative, of a copy of any return or report filed by them, nor to prohibit the publication of statistics so classified as to prevent the identification of particular buyers, remote sellers, or marketplace facilitators, nor to prohibit the furnishing of information on a reciprocal basis to other agencies or political subdivisions of the state or the United States concerned with the enforcement of tax laws.

(f) Nothing contained in this section shall be construed to prohibit the disclosure through enforcement action proceedings or by public inspection or publication of the name, estimated balance due, and current status of payments, and filings of any remote seller or marketplace facilitator or agent of any remote seller or marketplace facilitator required to collect sales taxes or file returns under this chapter, who fails to file any return and/or remit in full all sales taxes due within 30 days after the required date for that business. Entry into any agreement whether pursuant to the provisions of this chapter or otherwise shall not act as any prohibition to disclosure of the records of that remote seller or marketplace facilitator as otherwise provided

in this chapter.

- (g) A prospective lessee or purchaser of any business or business interest may inquire as to the obligation or tax status of any business upon presenting to the commission a release of tax information request signed by the authorized agent of the business.
- (h) Except as otherwise provided herein, all returns referred to in this chapter, and all data taken therefrom, shall be kept secure from public inspection, and from all private inspection.

69.06.2430 Violations.

- (a) A remote seller or marketplace facilitator that fails to file a sales tax return or remit sales tax when due, in addition to any other liability imposed by this chapter, shall pay to the commission all costs incurred by the commission to determine the amount of the remote seller’s or marketplace facilitator’s liability or to collect the sales tax, including, without limitation, reviewing and auditing the remote seller’s or marketplace facilitator’s business records, collection agency fees, and actual reasonable attorney’s fees.
- (b) A person who causes or permits a corporation of which the person is an officer or director, a limited liability company of which the person is a member or manager, or a partnership of which the person is a partner, to fail to collect sales tax or to remit sales tax to the commission as required by this chapter shall be liable to the commission for the amount that should have been collected or remitted, plus any applicable interest and penalty.
- (c) Notwithstanding any other provision of law, and whether or not the commission initiates an audit or other tax collection procedure, the commission may bring a declaratory judgment action against a remote seller or marketplace facilitator believed to meet the criteria to establish that the obligation to remit sales tax is applicable and valid under local, state, and federal law. The action shall be brought in the judicial district of the member jurisdiction.
- (d) The commission may cause a sales tax lien to be filed and recorded against all real and personal property of a remote seller or marketplace facilitator where the remote seller or marketplace facilitator has:
 - (1) Failed to file sales tax returns for two consecutive filing periods as required by the chapter; or
 - (2) Failed within 60 days of the end of the filing period from which taxes were due to either (a) remit all amounts due or (b) to enter into a secured payment agreement as provided in this chapter.
 - (3) Prior to filing a sales tax lien, the commission shall cause a written notice

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of intent to file to be mailed to the last known address of the delinquent remote seller or marketplace facilitator.

- (e) In addition to other remedies discussed in this chapter, the commission may bring a civil action to:
 - (1) Enjoin a violation of this chapter. On application for injunctive relief and a finding of a violation or threatened violation, the superior court shall enjoin the violation.
 - (2) Collect delinquent sales tax, penalty, interest and costs of collection, either before or after estimating the amount of sales tax due.
 - (3) Foreclose a recorded sales tax lien as provided by law.
- (f) All remedies hereunder are cumulative and are in addition to those existing at law or equity.

69.06.2540. Penalties for violations.

- (a) In the event that a penalty provided below is different from the same penalty in a member jurisdiction’s sale tax code, the penalty prescribed in the member jurisdiction’s sales tax code will apply.
- (b) A buyer, remote seller, or marketplace facilitator who knowingly or negligently submits false information in a document filed with the commission pursuant to this chapter is subject to a penalty of \$500.00.
- (c) A remote seller or marketplace facilitator who knowingly or negligently falsifies or conceals information related to its business activities with the commission or taxing jurisdiction is subject to a penalty of \$500.00.
- (d) A person who knowingly or negligently provides false information when applying for a certificate of exemption is subject to a penalty of \$500.00.
- (e) A remote seller or marketplace facilitator who fails or refuses to produce requested records or to allow inspection of their books and records shall pay to the commission a penalty equal to three times any deficiency found or estimated by the commission with a minimum penalty of \$500.00.
- (f) A remote seller or marketplace facilitator who falsifies or misrepresents any record filed with the commission is guilty of an infraction and subject to a penalty of \$500.00 per record.
- (g) Misuse of an exemption card is a violation and subject to a penalty of \$50.00 per incident of misuse.

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(h) Nothing in this chapter shall be construed as preventing the commission from filing and maintaining an action at law to recover any taxes, penalties, interest and/or fees due from a remote seller or marketplace facilitator. The commission may also recover attorney’s fees in any action against a delinquent remote seller or marketplace facilitator.

69.06.2650 Remittance of tax; remote seller held harmless.

(a) Any remote seller or marketplace facilitator that collects and remits sales tax to the commission as provided by law may use an electronic database of state addresses that is certified by the commission pursuant to subsection (c) of this section to determine the member jurisdictions to which tax is owed.

(b) Any remote seller or marketplace facilitator that uses the data contained in an electronic database certified by the commission pursuant to subsection (c) of this section to determine the jurisdictions to which tax is owed shall be held harmless for any tax, charge, or fee liability to any member jurisdiction that otherwise would be due solely as a result of an error or omission in the database.

(c) Any electronic database provider may apply to the commission to be certified for use by remote sellers or marketplace facilitators pursuant to this section. Such certification shall be valid for three years. In order to be certified, an electronic database provider shall have a database that satisfies the following criteria:

(1) The database shall designate each address in the state, including, to the extent practicable, any multiple postal address applicable to one location and the taxing jurisdictions that have the authority to impose a tax on purchases made by purchasers at each address in the state.

(2) The information contained in the electronic database shall be updated as necessary and maintained in an accurate condition. In order to keep the database accurate, the database provider shall provide a convenient method for member jurisdictions that may be affected by the use of the database to inform the provider of apparent errors in the database. The provider shall have a process in place to promptly correct any errors brought to the provider’s attention.

69.06.2760 Savings Clause.

If any provision of CBJ 69.06, Uniform Alaska Remote Seller Sales Tax, and CBJ 69.05, Uniform Sales Tax, is determined by the commission or an adjudicatory body of competent jurisdiction to discriminate against a remote seller in favor of a local seller with a physical presence in the member jurisdiction, the discriminatory provision shall continue in effect only to the extent such provision does not discriminate against a remote seller, ~~and the comparable~~



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2 ~~code provision applicable to a local seller will apply to a remote seller~~, and the remainder of
3 CBJ 69.06 and CBJ 69.05 shall continue in full force and effect.

4 **69.06.2870 Definitions.**

5 Adoption of definitions does not compel an individual municipality to exempt certain
6 defined items. Each municipality should specifically adopt definitions necessary for consistency
7 to implement both brick-and-mortar sales tax code and provisions related to remote sellers or
8 marketplace facilitators. For definitions that have no applicability to brick-and-mortar sales tax
code, municipality may choose to either include definitions in the definitional section of general
sales tax ordinance or adopt the common definitions by reference.

9 *Bundled transaction* means the retail sale of two or more products, except real property
10 and services to real property, where (1) the products are otherwise distinct and identifiable, and
11 (2) the products are sold for one non-itemized price. A bundled transaction does not include the
sale of any products in which the sales price varies, or is negotiable, based on the selection by
the purchaser of the products included in the transaction.

12 (a) Distinct and identifiable products do not include:

13 (1) Packaging – such as containers, boxes, sacks, bags, and bottles – or
14 other materials – such as wrapping, labels, tags, and instruction
15 guides – that accompany the retail sale of the products and are
incidental or immaterial to the retail sale thereof.

16 (2) A product provided free of charge with the required purchase of
17 another product. A product is provided free of charge if the sales price
18 of the product purchased does not vary depending on the inclusion of
the product provided free of charge.

19 (b) The term “one non-itemized price” does not include a price that is separately
20 identified by product on binding sales or other supporting sales-related
21 documentation made available to the customer in paper or electronic form
including, but not limited to an invoice, bill of sale, receipt, contract, service
agreement, lease agreement, periodic notice of rates and services, rate card,
or price list.

22 (c) A transaction that otherwise meets the definition of a bundled transaction as
23 defined above, is not a bundled transaction if it is:

24 (1) The retail sale of tangible personal property and a service where the
25 tangible personal property is essential to the use of the service, and is
provided exclusively in connection with the service, and the true
object of the transaction is the service; or

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(2) The retail sale of services where one service is provided that is essential to the use or receipt of a second service and the first service is provided exclusively in connection with the second service and the true object of the transaction is the second service; or

(3) A transaction that includes taxable products and nontaxable products and the purchase price or sales price of the taxable products is de minimis.

Buyer or purchaser means a person to whom a sale of property or product is made or to whom a service is furnished.

Commission means the Alaska Remote Seller Sales Tax Commission established by agreement between local government taxing jurisdictions within Alaska, and the delegated tax collection authority.

Delivered electronically means delivered to the purchaser by means other than tangible storage media.

Delivery charges means charges by the seller of personal property or services for preparation and delivery to a location designated by the purchaser of personal property or services including, but not limited to, transportation, shipping, postage, handling, crating and packing.

Delivery network company means a business that facilitates, through the use of an Internet website or mobile application, the delivery of products or services.

Digital good means any product delivered electronically whether downloaded, streamed or subscribed to. A digital good generally takes the form of a license to use or store in a digital or electronic format. Digital goods are generally intangible property for purposes of this chapter.

Digital service means any service delivered electronically that uses one or more software applications. Digital service includes any service that primarily involves the application of human effort by the seller, and the human effort originated after the customer requested the service, provided the service is delivered electronically.

Entity-based exemption means an exemption based on who purchases the product or who sells the product. An exemption that is available to all individuals shall not be considered an entity-based exemption.

Goods for resale means:

(1) The sale of goods by a manufacturer, wholesaler, or distributor to a retail vendor, and sales to a wholesale or retail dealer who deals in the property sold for the purpose of resale by the dealer.

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- (2) The sale of personal property as raw material to a person engaged in manufacturing components for sale, where the property sold is consumed in the manufacturing process of, or becomes an ingredient or component part of, a product manufactured for sale by the manufacturer.
- (3) The sale of personal property as construction material to a licensed building contractor where the property sold becomes part of the permanent structure.

Lease or rental means any transfer of possession or control of tangible personal property for a fixed or indeterminate term for consideration. A lease or rental may include future options to purchase or extend.

Local sale means a sale by a seller with a physical presence in a taxing jurisdiction, where the point of delivery is a location within the same taxing jurisdiction.

Marketplace means a physical or electronic place, platform or forum, including a store, booth, internet website, catalog, or dedicated sales software application, where products or services are offered for sale.

Marketplace facilitator means a person that contracts with ~~remote-marketplace~~ sellers to facilitate for consideration, regardless of whether deducted as fees from the transaction, the sale of the ~~remote-marketplace~~ seller's property, product, or services through a physical or electronic marketplace operated by the person, and engages:

- (a) Directly or indirectly, through one or more affiliated persons, in any of the following:
 - (1) Transmitting or otherwise communicating the offer or acceptance between the buyer and ~~remote-marketplace~~ seller;
 - (2) Owning or operating the infrastructure, electronic or physical, or technology that brings buyers and ~~remote-marketplace~~ sellers together;
 - (3) Providing a virtual currency that buyers are allowed or required to use to purchase products from the ~~remote-marketplace~~ seller; or
 - (4) Software development or research and development activities related to any of the activities described in (b) of this subsection-(3), if such activities are directly related to a physical or electronic marketplace operated by the person or an affiliated person; and
- (b) In any of the following activities with respect to the seller's products:
 - (1) Payment processing services;

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- (2) Fulfillment or storage services;
- (3) Listing products for sale;
- (4) Setting prices;
- (5) Branding sales as those of the marketplace facilitator;
- (6) Order taking;
- (7) Advertising or promotion; or
- (8) Providing customer service or accepting or assisting with returns or exchanges.

Marketplace seller means a person that makes retail sales through any physical or electronic marketplace that is operated by a marketplace facilitator.

Member jurisdiction means a taxing jurisdiction that is a signatory of the Alaska Remote Seller Sales Tax Agreement, thereby members of the commission, and who have adopted the Uniform Alaska Remote Seller Sales Tax Code.

Monthly means occurring once per calendar month.

Nonprofit organization means a business that has been granted tax-exempt status by the Internal Revenue Service.

Person means an individual, trust, estate, fiduciary, partnership, limited liability company, limited liability partnership, corporation, or any other legal entity.

Physical presence for the purposes of CBJ 69.06.050 means a seller who establishes any one or more of the following within a member jurisdiction:

- (1) Has any office, distribution or sales house, warehouse, storefront, or any other place of business within the boundaries of the member jurisdiction;
- (2) Solicits business or receiving orders through any employee, agent, salesman, or other representative within the boundaries of the member jurisdiction or engages in activities in this state that are significantly associated with the seller’s ability to establish or maintain a market for its products in this state;
- (3) Provides services through any employee, agent, salesman, or other representative or holds inventory within the boundaries of the member jurisdiction;

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- (4) Rents or Leases property located within the boundaries of the member jurisdiction.

A seller that establishes a physical presence within the member jurisdiction in any calendar year will be deemed to have a physical presence within the local taxing jurisdiction for the following calendar year.

Point of delivery means the location at which property or a product is delivered or service rendered.

- (1) When the product is not received or paid for by the purchaser at a business location of a remote seller in a member jurisdiction, the sale is considered delivered to the location where receipt by the purchaser (or the purchaser's recipient, designated as such by the purchaser) occurs, including the location indicated by instructions for delivery as supplied by the purchaser (or recipient) and as known to the seller;
- (2) When the product is received or paid for by a purchaser who is physically present at a business location of a remote seller in a taxing jurisdiction the sale is considered to have been made in the member jurisdiction where the purchaser is present even if delivery of the product takes place in another member jurisdiction. Such sales are reported and tax remitted directly to the member jurisdiction and not to the commission;
- (3) When the service is not received by the purchaser at a business location of a remote seller, the service is considered delivered to the location where the purchaser receives the service;
- (4) For products or services transferred electronically, or other sales where the remote seller or marketplace facilitator lacks a delivery address for the purchaser, the remote seller or marketplace facilitator shall consider the point of delivery of the sale to be the billing address of the buyer.

Product-based exemptions means an exemption based on the description of the product and not based on who purchases the product or how the purchaser intends to use the product.

Professional services means services performed by architects, attorneys-at-law, certified public accountants, dentists, engineers, land surveyors, surgeons, veterinarians, and practitioners of the healing arts (the arts and sciences dealing with the prevention, diagnosis, treatment and cure or alleviation of human physical or mental ailments, conditions, diseases, pain or infirmities) and such occupations that require a professional license under Alaska Statute.

Property and product and good means both tangible property, an item that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses;

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and intangible property, anything that is not physical in nature (i.e.; intellectual property, brand recognition, goodwill, trade, copyright and patents).

Quarter means trimonthly periods of a calendar year; January-March, April-June, July-September, and October-December.

Receive or receipt for the purposes of CBJ 69.06.030 and the definition of *Point of Delivery* means

- (1) Taking possession of property or product;
- (2) Making first use of services;
- (3) Taking possession or making first use of digital goods, whichever comes first.

The terms “receive” and “receipt” do not include temporary possession by a shipping company on behalf of the purchaser.

Remote sales means sales of goods, ~~or services, or bundled transactions~~ by a remote seller or marketplace facilitator.

Remote seller means a seller or marketplace facilitator making sales of goods, goods services, or services or bundled transactions delivered within the State of Alaska, without having a physical presence in the member jurisdiction in which delivery is being made.

Resale of services means sales of intermediate services to a business the charge for which will be passed directly by that business to a specific buyer.

Sale or retail sale means any transfer of property for consideration for any purpose other than for resale.

Sales price or purchase price means the total amount of consideration, including cash, credit, property, products, and services, for which property, products, services, or services or bundled transactions are sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for the following:

- (1) The seller’s cost of the property or product sold;
- (2) The cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller;
- (3) Charges by the seller for any services necessary to complete the sale, other than delivery and installation charges;
- (4) Delivery charges;

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- (5) Installation charges; and
- (6) Credit for any trade-in, as determined by state law.

Seller means a person making sales of property, products, or services, or a marketplace facilitator facilitating sales on behalf of a seller.

Services means all services of every manner and description, which are performed or furnished for compensation, and delivered electronically or otherwise into a member jurisdiction, including but not limited to:

- (1) Professional services;
- (2) Services in which a sale of property or product may be involved, including property or products made to order;
- (3) Utilities and utility services not constituting a sale of property or products, including but not limited to sewer, water, solid waste collection or disposal, electrical, telephone services and repair, natural gas, cable or satellite television, and Internet services;
- (4) The sale of transportation services;
- (5) Services rendered for compensation by any person who furnishes any such services in the course of his trade, business, or occupation, including all services rendered for commission;
- (6) Advertising, maintenance, recreation, amusement, and craftsman services;
- (7) Digital Services.

Tax cap means a maximum taxable transaction.

Taxing jurisdiction means a local government in Alaska that has a sales tax.

Transferred electronically means obtained by the purchaser by means other than tangible storage media.

Travel Agency Services means arranging or booking for a commission, fee or other consideration, vacation or travel packages, rental car, tours or other travel reservations or accommodations, tickets for domestic or foreign travel by air, ship, rail, bus or other medium of transportation, or hotel or other lodging accommodations.

69.06.280 Supplemental definitions.

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2 For purposes of CBJ 69.06, the commission may promulgate supplemental definitions
3 that are incorporated into this Remote Seller Sales Tax Code, provided they are not in conflict
4 with or contrary to the definitions set forth in CBJ 69.05. Supplemental definitions are
5 available at www.arsstc.org/code. Provisions of the supplemental definitions that are amended,
6 deleted, or added prior to or after the effective date of the latest amendment to this chapter
7 shall be applicable for purposes of this chapter on the effective date provided for such
8 amendments, deletions, or additions, including retroactive provisions.

9
10 **Section 3. Effective Date.** This ordinance shall be effective January 1, 2025.

11 Adopted this _____ day of _____, 2024.

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13 _____
14 Beth A. Weldon, Mayor

15 Attest:

16 _____
17 Elizabeth J. McEwen, Municipal Clerk
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Presented by:
Presented:
Drafted by: N. Lynch

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2024-37

An Ordinance Amending the Uniform Sales Tax Code Related to Definitions, a Temporary Sales Tax Registration, and Deposits by Nonresidents.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the City and Borough of Juneau Municipal Code.

Section 2. Amendment of Section. CBJC 69.05.010 Definitions, is amended to read:
69.05.010 Definitions.

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

...

Digital good means any product delivered electronically whether downloaded, streamed, or subscribed to. A digital good generally takes the form of a license to use or store in a digital or electronic format. Digital goods are generally intangible property for purposes of this chapter.

Donation means any voluntary consideration, whether money, credit, rights, other property, or services provided to an exempt organization, as defined in 69.05.040(11), for which

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2 the provider neither expects nor receives anything more than goods or services of insubstantial
3 value relative to the provided consideration.

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5 Itinerant business means a person, corporation, or other association engaging in sales,
6 services, or rentals within the City and Borough for no more than fifteen consecutive days who
7 is not a resident of the City and Borough.

8 ...

9 ...
10 Membership fees or dues means the price members pay to be in an association, chamber,
11 nonprofit, or organization. Such payment can be made one time or recurrently, may include a
12 benefit or service, and is reportable.

13 ...

14 Retail sale means any sale of real or tangible personal property or digital goods,
15 including barter, credit, installment and conditional sales, for any purpose other than resale in
16 the regular course of business. ~~The delivery of property in the City and Borough by a seller~~
17 ~~whose principal place of business is outside the City and Borough to a buyer or consumer is a~~
18 ~~retail sale made within the City and Borough if such retailer maintains any office, distribution,~~
19 ~~or sales house, warehouse or any other place of business, or solicits business or receives orders~~
20 ~~through any agent, salesman, or other type of representation within the City and Borough.~~

21
22 **Section 3. Amendment of Chapter.** Chapter 69.05 Uniform Sales Tax, is amended
23 by adding a new section to read:

24 **69.05.075 Filings by itinerant businesses.**

25 A person doing business within the city and borough of Juneau on less than an annual
basis shall file a sales tax return and remit in full the tax shown as due within forty-eight hours

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2 following the expiration of the registration, or prior to leaving the city and borough of Juneau,
3 whichever occurs first. Sales tax not remitted or if the return is not timely filed such tax is
4 delinquent and the penalties prescribed in 69.05.070(b) shall apply.

5 **Section 4. Amendment of Section.** CBJC 69.05.112 Deposit by nonresidents, is
6 repealed and reserved.

7
8 **69.05.112 ~~Deposit by nonresidents~~ Reserved.**

9 ~~(a) A person, corporation or other association that is about to make sales, perform~~
10 ~~services or make rentals shall first register with the manager and shall make the deposit~~
11 ~~required by this section unless the person has been a resident of the City and Borough for six~~
12 ~~months prior to registering or the corporation or association is composed of such residents or~~
13 ~~has been regularly engaged in business within the City and Borough for nine of the 12 months~~
14 ~~preceding registration.~~

15 ~~(b) The deposit required under subsection (a) of this section must be an amount that~~
16 ~~the manager determines is not less than the maximum amount of sales tax that the person,~~
17 ~~corporation or other association is likely to be required to collect during any filing period within~~
18 ~~a year of the date of registration.~~

19 ~~(c) The deposit must be refunded upon written request and a determination by the~~
20 ~~manager that:~~

21 ~~(1) The seller has filed sales tax returns and made full remittance of sales tax~~
22 ~~owing for the preceding year; or~~

23 ~~(2) The seller has filed a statement that the seller has ceased engaging in~~
24 ~~transactions within the City and Borough and has remitted all sales taxes due.~~
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2 ~~The deposit must be refunded within 30 days of the receipt of the refund request unless~~
3 ~~the manager has initiated an audit of the seller or has otherwise questioned a return made~~
4 ~~during the period under consideration.~~

5 ~~(d) The manager may order the withdrawal from the deposit of the seller so much as~~
6 ~~the manager determines is required to make up for any deficiency or late payment of taxes. No~~
7 ~~seller may engage in transactions within the City and Borough after receipt of written notice~~
8 ~~that the manager has withdrawn all or a portion of the seller's deposit for application to a~~
9 ~~delinquent or insufficient payment of sales taxes. Upon the deposit with the City and Borough~~
10 ~~of funds restoring the deposit to its original amount or such higher amount as the manager~~
11 ~~determines is appropriate in light of the actual sales experience of the seller, the seller may~~
12 ~~again engage in transactions. A seller may not deduct the deposit amount from the seller's last~~
13 ~~or any other sales tax return.~~

15 **Section 5. Amendment of Section.** CBJC 69.05.170 Registration, is amended to
16 read:

17 **69.05.170 Registration.**

18 A person, firm, copartnership, corporation, itinerant business, or other business entity,
19 including a transportation network company driver, shall register with the manager before
20 making retail sales, rendering services, or making rentals within the City and Borough. A
21 transportation network company that collects and remits sales tax on behalf of a transportation
22 network company driver shall notify such transportation network company driver of the
23 registration requirement under this section. Nothing in this section shall be construed to
24 require a transportation network company to register with the manager.
25

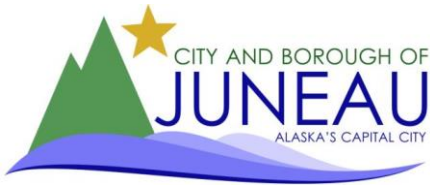
Section 6. Effective Date. This ordinance shall be effective 30 days after its adoption.

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Adopted this _____ day of _____, 2024.

Attest: _____
Beth A. Weldon, Mayor

Elizabeth J. McEwen, Municipal Clerk



DATE: October 28, 2024
TO: Assembly Finance Committee
FROM: Angie Flick, Finance Director
SUBJECT: 2025 Bond Refundings

155 Heritage Way
Juneau, AK 99801
Phone: (907) 586-5215

The purpose of this memo is to introduce and seek approval of the AFC to move forward on refunding portions of three revenue bond issuances through the Alaska Municipal Bond Bank in order to save approximately \$700K in interest.

The city’s municipal advisors at PFM Financial Advisors LLC have recommended refinancing all or a portion of three revenue bond issuances through the Alaska Municipal Bond Bank’s first quarter 2025 bond issuance. These revenue bonds all utilize Marine Passenger Fees as the revenue source for the payment of bond debt service. Analysis of the reissuance show that CBJ can realize an estimated \$702,812 in net present value interest savings over the life of these maturities.

The original bond issuances were through the Bond Bank and they can easily include these refundings in their upcoming issuance in the January – March 2025 timeframe. In order to move forward with this action, the Assembly must pass an ordinance. K&L Gates, our bond counsel, has compiled the attached draft ordinance for your review. Additionally, closer to the transaction date, the Assembly should anticipate associated resolutions regarding anticipated terms for the refundings.

The chart below shows the estimate amounts and savings per issuance.

Refunded Series	Project	Tax-Status	Refunded Par	Refunding Par	NPV Savings (\$)
2014 1-A	Seawalk	Tax-Exempt	\$4,390,000	\$3,975,000	\$278,104
2015A-2	Harbors & Marina	Tax-Exempt	4,875,000	4,500,000	279,492
2015B-2	Dock	AMT	4,740,000	4,600,000	145,216

ACTION: Staff recommends that the Assembly introduce and set for public hearing the attached draft ordinance which authorizes the refunding of three 2014 and 2015 revenue bond issuances.

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

REFUNDING BONDS

Serial No. 2024-__

AN ORDINANCE APPROVING THE CITY AND BOROUGH'S PARTICIPATION IN PROPOSED REFINANCINGS BY THE ALASKA MUNICIPAL BOND BANK OF THE BOND BANK'S VARIOUS GENERAL OBLIGATION BONDS THAT PROVIDED FUNDS TO PURCHASE VARIOUS REVENUE BONDS OF THE CITY AND BOROUGH, UNDER LOAN AGREEMENTS BETWEEN THE CITY AND BOROUGH AND THE BOND BANK; AND AUTHORIZING REVISED SCHEDULES OF PRINCIPAL AND INTEREST PAYMENTS ON THE CITY AND BOROUGH'S BONDS, IN ACCORDANCE WITH THE LOAN AGREEMENTS, IF THE BOND BANK SUCCESSFULLY REFINANCES ITS BONDS.

Approved: December 16, 2024

Prepared by:

K&L GATES LLP
Seattle, Washington

**City and Borough of Juneau, Alaska
Ordinance Serial No. 2024-__
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* This Table of Contents and the cover page are provided for convenience only and are not a part of this ordinance.

Presented by: The Manager
Introduced: 11/18/24
Drafted by: Bond Counsel

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2024-__

An Ordinance approving the City and Borough’s participation in proposed refinancings by the Alaska Municipal Bond Bank of the Bond Bank’s various General Obligation Bonds that provided funds to purchase various revenue bonds of the City and Borough, under loan agreements between the City and Borough and the Bond Bank; and authorizing revised schedules of principal and interest payments on the City and Borough’s bonds, in accordance with the loan agreements, if the Bond Bank successfully refinances its bonds.

WHEREAS, the City and Borough of Juneau, Alaska (the “City and Borough”), in order to finance a portion of the cost of completion of the City and Borough’s seawalk, issued and sold its Port Revenue Bond, 2014A (Non-AMT), in the original principal amount of \$6,055,000 (the “2014A Port Bond”) to the Alaska Municipal Bond Bank (the “Bond Bank”) as authorized by Ordinance Serial No. 2014-01 of the City and Borough adopted January 6, 2014, and Resolution No. 2676 adopted on January 27, 2014 (together, the “2014A Port Bond Ordinance”), on the terms and conditions set forth in the 2014A Port Bond Ordinance and in a loan agreement between the City and Borough and the Bond Bank dated as of February 1, 2014 (the “2014A Port Loan Agreement”); and

WHEREAS, the Bond Bank issued and sold its General Obligation Bonds, 2014A Series One (Tax-Exempt) (the “2014A Series One Bond Bank Bonds”) to provide funds to purchase the 2014A Port Bond, as provided in the 2014A Port Loan Agreement; and

WHEREAS, Section 6 of the 2014A Port Loan Agreement provides that payments of principal of and interest on the 2014A Port Bond may be adjusted to reduce debt service on the 2014A Port Bond if the Bond Bank is able to achieve debt service savings by refunding the 2014A Series One Bond Bank Bonds; and

WHEREAS, the City and Borough, in order to finance a portion of the cost of certain harbor improvements, issued and sold its Harbor Revenue Bond, 2007, in the original principal amount of \$10,620,000 (the “2007 Harbor Bond”) to the Bond Bank, as authorized by Ordinance Serial No. 2007-32(b) of the City and Borough adopted May 14, 2007, and Resolution No. 2414 adopted on June 25, 2007 (together, the “2007 Harbor Bond Ordinance”), on the terms and conditions set forth in the 2007 Harbor Bond Ordinance and in a loan agreement between the City and Borough and the Bond Bank dated as of July 1, 2007 (the “2007 Harbor Loan Agreement”); and

WHEREAS, the City and Borough, in order to refinance the 2007 Harbor Bond, issued and sold its Harbor Revenue Refunding Bond, 2015, in the original principal amount of \$8,910,000

(the “2015 Harbor Bond”) to the Bond Bank, as authorized by Ordinance Serial No. 2015-15 of the City and Borough adopted on March 16, 2015, and Resolution No. 2720 adopted on April 27, 2015 (together, the 2015 Harbor Bond Ordinance”), on the terms and conditions set forth in the 2015 Harbor Bond Ordinance and in an amendatory loan agreement between the City and Borough and the Bond Bank dated as of June 1, 2015 (the “2015 Harbor Amendatory Loan Agreement”); and

WHEREAS, the Bond Bank issued and sold its General Obligation and Refunding Bonds, 2015A Series Two (Non-AMT) (the “2015A Series Two Bond Bank Bonds”) to provide funds to purchase the 2015 Harbor Bond, as provided in the 2015 Harbor Amendatory Loan Agreement; and

WHEREAS, Section 6 of the 2007 Harbor Loan Agreement provides that payments of principal of and interest on the 2015 Harbor Bond may be adjusted to reduce debt service on the 2015 Harbor Bond if the Bond Bank is able to achieve debt service savings by refunding the 2015A Series Two Bond Bank Bonds; and

WHEREAS, the City and Borough, in order to finance a portion of the cost of completion of the City and Borough’s cruise ship berth enhancement project and related uplands, issued and sold its Port Revenue Bond, 2015 (AMT), in the original principal amount of \$20,595,000 (the “2015 Port Bond”) to the Bond Bank as authorized by Ordinance Serial No. 2014-01 of the City and Borough adopted January 6, 2014, as amended by Ordinance Serial No. 2015-11 adopted on March 16, 2015 and Resolution No. 2709 adopted on April 27, 2015 (together, the “2015 Port Bond Ordinance”), on the terms and conditions set forth in the 2015 Port Bond Ordinance and in a loan agreement between the City and Borough and the Bond Bank dated as of June 1, 2015 (the “2015 Port Loan Agreement”); and

WHEREAS, the Bond Bank issued and sold its General Obligation Bonds, 2015B Series Two (AMT) (the “2015B Series Two Bond Bank Bonds,” and together with the 2014A Series One Bond Bank Bonds, and the 2015A Series Two Bond Bank Bonds, the “Bond Bank Bonds”) to provide funds to purchase the 2015 Port Bond, as provided in the 2015 Port Loan Agreement; and

WHEREAS, Section 6 of the 2015 Port Loan Agreement provides that payments of principal of and interest on the 2015 Port Bond may be adjusted to reduce debt service on the 2015 Port Bond if the Bond Bank is able to achieve debt service savings by refunding the 2015B Series Two Bond Bank Bonds; and

WHEREAS, a portion of the 2015 Port Bond was refinanced by the City and Borough’s Port Revenue Refunding Bond, 2021 (AMT Forward Delivery) (the “2021 Port Bond”) issued pursuant to Ordinance Serial No. 2020-21 of the City and Borough adopted on May 18, 2020, as amended by Ordinance Serial No. 2021-15 adopted on April 26, 2021, and Resolution No. 2952 adopted on May 24, 2021 (together, the “2021 Port Bond Ordinance”), on the terms and conditions set forth in the 2021 Port Bond Ordinance and in an amendatory loan agreement between the City and Borough and the Bond Bank dated as of December 2, 2021 (the “2021 Port Amendatory Loan Agreement”); and

WHEREAS, the 2014A Port Bond, the 2015 Harbor Bond and the 2021 Port Bond are herein referred to as the “Juneau Refunding Candidates”; and

WHEREAS, the Bond Bank now intends to issue one or more series of its general obligation refunding bonds (the “Bond Bank Refunding Bonds”) for the purpose, among others, of refunding all or a portion of one or more series of the Bond Bank Bonds and achieving debt service savings for or more series of the Juneau Refunding Candidates; and

WHEREAS, the Assembly wishes to approve the City and Borough’s participation in these refinancings and to authorize the City and Borough’s city manager or his/her designee to accept revised debt service schedules for all or a portion of the 2014A Port Bond, the 2015 Harbor Bond and the 2021 Port Bond, if the Bond Bank successfully refinances all or a portion of one or more series of the Bond Bank Bonds;

NOW, THEREFORE, BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Approval of Refinancing. The Assembly hereby approves the City and Borough’s participation in the Bond Bank’s refinancing(s) of all or a portion of one or more series of the Bond Bank Bonds. If there is debt service savings for any of the Juneau Refunding Candidates, the respective series shall have modified debt service schedules in accordance with the following parameters.

(a) *2014A Port Bond.* The revised schedule of debt service on the 2014A Port Bond and other provisions as may be required by the Bond Bank will be set forth in an amendatory loan agreement and a refunding bond to be issued in exchange for the 2014A Port Bond. The refunding bond shall come due on the dates set forth in such amendatory loan agreement of the following years in the following estimated principal installments:

Maturity Year	Amount
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	

The foregoing schedule is based on the assumption that the entire 2014A Port Bond is going to be refunded. To the extent that only a portion of the 2014A Port Bond is refunded, the foregoing principal maturity schedule shall be proportionately reduced. In addition, the adjusted principal maturities may be increased or decreased by the City Manager or his/her designee for any year by 25%.

(b) *2015 Harbor Bond.* The revised schedule of debt service on the 2015 Harbor Bond and other provisions as may be required by the Bond Bank will be set forth in an amendatory loan agreement and a refunding bond to be issued in exchange for the 2015 Harbor Bond. The refunding bond shall come due on the dates set forth in such amendatory loan agreement of the following years in the following estimated principal installments:

Maturity Year	Amount
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	

The foregoing schedule is based on the assumption that the entire 2015 Harbor Bond is going to be refunded. To the extent that only a portion of the 2015 Harbor Bond is refunded, the foregoing principal maturity schedule shall be proportionately reduced. In addition, the adjusted principal maturities may be increased or decreased by the City Manager or his/her designee for any year by 25%.

(c) *2021 Port Bond.* The revised schedule of debt service on the 2021 Port Bond and other provisions as may be required by the Bond Bank will be set forth in an amendatory loan agreement and a refunding bond to be issued in exchange for the 2021 Port Bond. The refunding bond shall come due on the dates set forth in such amendatory loan agreement of the following years in the following estimated principal installments:

Maturity Year	Amount
2026	
2027	
2028	
2029	

The foregoing schedule is based on the assumption that the 2026 through 2029 maturities of the 2021 Port Bond are going to be refunded. To the extent that only a portion of those maturities of the 2021 Port Bond are refunded, the foregoing principal maturity schedule shall be proportionately reduced. In addition, the adjusted principal maturities may be increased or decreased by the City Manager or his/her designee for any year by 25%.

The City Manager or Finance Director is authorized to execute and deliver the amendatory loan agreements for each bond issue on behalf of the City and Borough and to deliver the refunding bonds for each bond issue, executed in accordance with the provisions of the respective bond ordinance and this ordinance, to the Bond Bank in exchange for the 2014A Port Bond, the 2015 Harbor Bond and the 2021 Port Bond, respectively, all subject to the Assembly’s approval by one or more resolutions, which resolution(s) may, at the option of the Assembly, provide for delegation within parameters approved by the Assembly. The City Manager, Finance Director and other appropriate officers and employees of the City and Borough are also hereby authorized to provide financial information about the City and Borough that the Bond Bank may require for the official statement for the Bond Bank Refunding Bonds. In furtherance of the plan of refinancing, the City Manager or his/her designee is hereby further authorized to determine whether or not the establishment of a reserve fund or account is necessary or desirable to secure the repayment of any of the refunding bonds and if a reserve is to be established, the terms and conditions of the reserve, including the execution and delivery of a reserve depository agreement.

Section 3. Tax Covenants. The City and Borough covenants to undertake all actions required to maintain the tax-exempt status of interest on the 2014A Port Bond, the 2015 Harbor Bond and the 2021 Port Bond, as applicable, under Section 103 of the Code.

Section 4. General Authorization. The Mayor, City Manager, Finance Director, Clerk, City and Borough Attorney, and any other appropriate officers, agents, attorneys and employees of the City and Borough are each hereby authorized and directed to cooperate with the Bond Bank and to take such steps, do such other acts and things, and execute such letters, certificates, agreements, papers, financing statements, assignments or instruments as in their judgment may be necessary, appropriate or desirable to carry out the terms and provisions of, and

complete the transactions contemplated by, this ordinance, including any amendments to the 2021 Amendantory Loan Agreement to clarify prepayment terms.

Section 5. Prior Acts. Any and all acts heretofore taken by officers, agents, attorneys and employees of the City and Borough in connection with refinancing the 2014A Port Bond, the 2015 Harbor Bond and the 2021 Port Bond are hereby ratified and confirmed.

Section 6. Effective Date. This ordinance shall become effective thirty days after adoption.

ADOPTED this 16th day of December, 2024.

Mayor

ATTEST:

Clerk

CERTIFICATE

I, the undersigned, Clerk of the City and Borough of Juneau, Alaska (the “City and Borough”), Do HEREBY CERTIFY:

1. That the attached ordinance is a true and correct copy of Ordinance Serial No. 2024-__ (the “Ordinance”) of the City and Borough as finally passed at a regular meeting of the Assembly of the City and Borough (the “Assembly”) held on the 16th day of December, 2024, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such special meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Assembly voted in the proper manner for the passage of the Ordinance; that all other requirements and proceedings incident to the proper passage of the Ordinance have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of December, 2024.

Clerk
City and Borough of Juneau



DATE: October 29, 2024

TO: Assembly Finance Committee

FROM: Christine Woll, Assembly Finance Committee Chair
Angie Flick, Finance Director

SUBJECT: **FY26 Budget – Assembly Grant Process**

155 Heritage Way
Juneau, AK 99801
Phone: (907) 586-5215

During the FY25 budget development and review process, the Assembly Finance Committee (AFC) engaged in a new process for considering grant requests. After the budget process, the AFC reflected on what worked well and what could be adjusted moving forward. This memo addresses a few adjustments to the Assembly Grant (Community Grant) process based on last year's feedback.

First, community organizations/requests were split into two groups: Partner Agencies and Community Organizations. Partner Agencies are those organizations that regularly receive a level of funding annually and provide services on behalf of CBJ. These groups are not required to solicit status quo funding each year from the Assembly as the Manager will include this funding in her proposed budget. Community Organizations are other groups seeking financial support from the Assembly through the Assembly Grant process. Last year, the Small Business Development Center was considered a Community Organization. After a more thorough review of that group and previous support from the Assembly, they should be aligned with the Partner Agencies in the FY26 budget process.

Second, there was a desire to have a better understanding and communication of the process. Following this memo are a couple of one-pager process maps to help set expectations and create understanding of the process. One is for Partner Agencies and one is for Community Organizations. We would like to ensure each Assemblymember has this information and can easily share it with organizations that may approach you for funding. Additionally, we would like to post both of these on the Assembly Grants website (juneau.org/grants) along with other historical and relevant information.

Finally, the AFC expressed a desire to incorporate staff as Community Organizations provided necessary documentation. We are recommending this deviation from last year's process – after an Assemblymember has decided to sponsor a grant request, they provide the organization with the Community Grant Request form and direct the organization to return it to CBJ staff through the Grants@juneau.gov email address.

CBJ ASSEMBLY GRANT PROCESS

PARTNER ORGANIZATIONS

Assembly grants are awarded based on community need and the Assembly’s goals and priorities for the fiscal year. These grants are intended to provide community support for social services, economic development, arts and culture, tourism management and promotion, recreation, energy efficiency and sustainability. Partner organizations are defined as regular recipients of grants because they are performing a function on behalf of CBJ or act as a conduit granting agency on the Assembly’s behalf. This document outlines the process for status quo requests. Amounts above status quo should follow the community organization process.



FUNDING REQUEST

Partner organizations must submit their funding request to CBJ staff in December.

In February, CBJ staff will provide the grant amount that will be included in the Manager’s proposed budget.



MEMORANDUM OF AGREEMENT

In June or July, CBJ staff will contact grant recipients with final grant amount and to begin the Memorandum of Agreement (MOA) process.

A signed MOA is required for award disbursement.



AWARD DISBURSEMENT

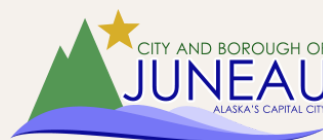
Upon execution of the MOA, CBJ will disburse funds to grantee as outlined in the agreement, no earlier than July 1st.

Grant funds must be used for work completed between July 1 and June 30 of the CBJ fiscal year.



PROGRAM UPDATES

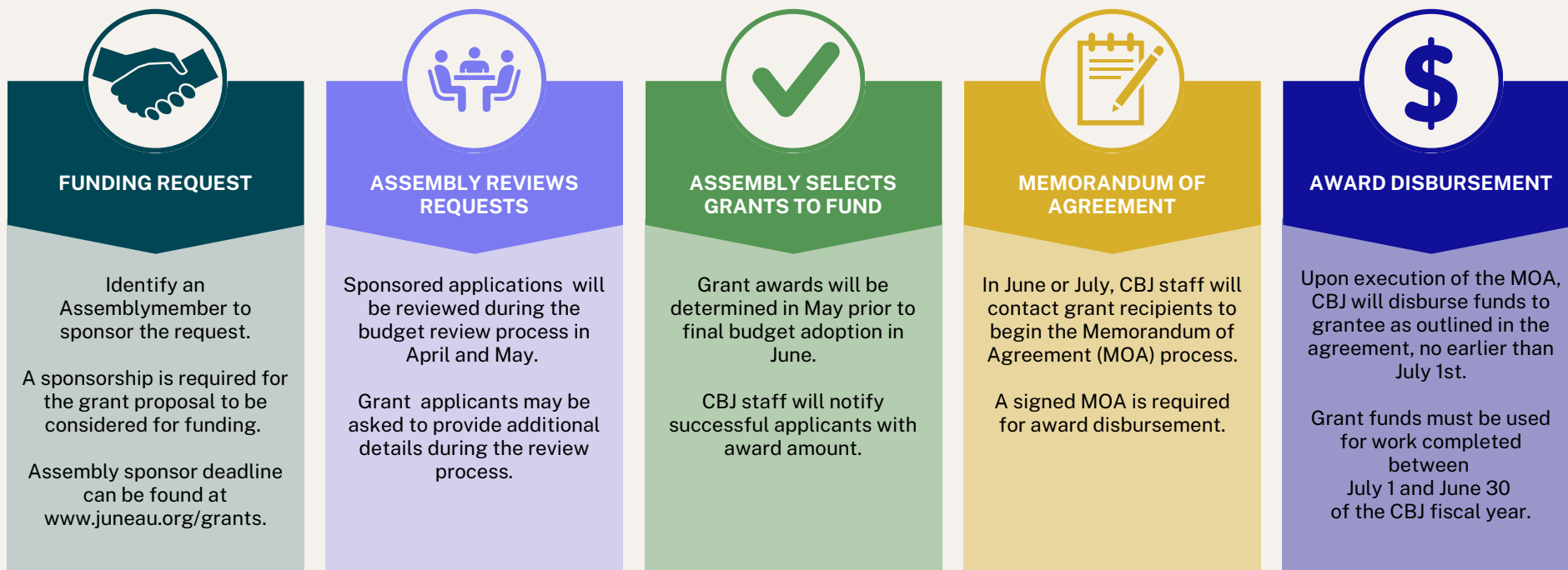
Partner organizations may be required to present program updates during the fiscal year.



CBJ ASSEMBLY GRANT PROCESS

COMMUNITY ORGANIZATIONS

Assembly grants are awarded based on community need and the Assembly’s goals and priorities for the fiscal year, and the availability of funding. There is no guarantee that funding will be available to community grants in any given fiscal year. These grants are intended to provide community support for social services, economic development, arts and culture, tourism management and promotion, recreation, energy efficiency and sustainability. The Assembly prioritizes funding awards that focus on areas of extreme need in the community, including childcare and affordable housing.





DATE: November 6, 2024

TO: Christine Woll, Chair
Assembly Finance Committee

THROUGH: Denise Koch, Engineering & Public Works Director

FROM: Brian McGuire, Utilities Superintendent

SUBJECT: Proposed Utility Rate Increase

The CBJ Utility provides the essential public services of providing drinking water and wastewater collection and treatment (sewer). These services are so core to our everyday lives that we assume that they will be provided reliably and hardly ever think about them. Most of the drinking water and sewer plants across the nation were built as a result of Congress passing the Clean Water Act in 1972. The CBJ Utility has assets worth over \$200 million in treatment plants, distribution, and collection lines that can be as old as 50 – 60 years. Consequently, many assets are approaching the end of their designed useful life.

As a municipal entity, the utility proposes rates, which are ultimately established by the Assembly. In recent years, utility rates have increased by only 2% annually, falling short of keeping pace with inflation. The last approved utility rate increase went into effect on July 1, 2024, with a 2% increase. The Utility has been discussing the need for rate increases with the Utility Advisory Board (UAB) for over a year. Although nobody likes rate increases, UAB understands and is supportive of the need for rate increases to care for our critical assets. Utility Superintendent, Brian McGuire, gave a [presentation](#) forecasting an anticipated need for rate increases in the 10 – 15% range to PWFC in September 2023. Since that time, we've hired a consultant with expertise in utility rate setting to provide an independent analysis. Their [analysis](#) was presented to PWFC in September of 2024 and referred the matter to the Assembly Finance Committee (AFC).

Staff's recommended next proposed steps for proposing Utility rate increases are public meeting(s) followed by Committee of the Whole (COW), and the full Assembly. Today's presentations are a continuation of the process that we started over a year ago.

Action Requested

- 1) Provide guidance to staff on whether AFC would like any follow-up information before we schedule a public meeting.
- 2) Please express preference for either the Cash or Debt funding options for the rates:

Water % Rate Increase:

% Rate Adjustments	FY2026	FY2027	FY2028	FY2029	FY2030
Option 1 - Cash Funding	10.25%	10.25%	10.25%	10.25%	10.25%
Option 2 - Debt Funding	7.00%	7.00%	7.00%	7.00%	7.00%

Sewer % Rate Increase:

Sewer % Rate Adjustment	FY2026	FY2027	FY2028	FY2029	FY2030
Option 1 - Bond Vote Passes & Cash	12.75%	12.75%	12.75%	12.25%	12.25%
Option 2 - Bond Vote Passes & Debt	11.50%	11.50%	11.50%	11.00%	11.00%

Attachments:

- Utilities Superintendent Presentation on Proposed Rate Increases
- FCS Presentation on Utilities Rate Study

Chief Architect Rynne provided insight into the last cancellation of this project and confirmed that funding was secured previously, but BRH opted to cancel the project.

Chair Bryson shared support for the project and shared that the BRH CEO would be providing significant justification at the upcoming Wednesday Assembly Finance meeting as to why they are investing in the ER department while, at the same time, BRH is trying to reduce expenses.

Mr. Hughes-Skandijis moved that the Public Works and Facilities Committee forward the appropriation for \$8.9M from the BRH Fund Balance to CIP #B55-087 be forward to the Assembly Finance Committee for discussion and questions and asked for unanimous consent.

No objections. Motion passed.

4. **Proposed Utility Rate Increase**

Ms. Koch expressed her deep commitment to the Utility, drawing on her educational background, and personal experiences. She highlighted recent instrument failures at Water and Wastewater Treatment facilities that required Utility workers to be present at facilities around the clock.

Chair Bryson asked that staff share the appreciation from the Assembly to Utility staff for their hard work.

Ms. Koch reported that many Utility facilities date back to the 1960s and 1970s, and are beginning to experience significant failures. She noted that there has been substantial collaboration with the Utility Advisory Board (UAB) regarding these issues. She shared that at the September 2023 PWFC, Utilities Superintendent McGuire told the members that a 10-15% rate increase would be necessary. An external consultant has since been engaged, and a recommendation has been received.

Mr. McGuire shared his PowerPoint presentation, which provided an overview of Utility assets and infrastructure, recent rate increases, previous rate studies, and utility goals. Mr. McGuire reminded the group that the last approved Utility Rate Increase took effect in July for Fiscal Year 2025 (07/01/2024 – 06/30/2025).

Mr. McGuire highlighted that from 1984 to 2003, there were no rate increases, and the Utility had an overall operating loss. The next 20-year period, from 2004-2024, is when the Utility Advisory Board (UAB) was formed, and rate increase efforts began. Rate studies were conducted in 2004 and 2014.

Paul Quinn from FCS Consulting presented a PowerPoint presentation on the Water & Wastewater Rate Study. He provided a review of past rate studies (2014 study), an overview of revenue requirements, key assumptions, preliminary results, and requested feedback.

Past Revenue Rate Study: Key takeaways included that the 2014 rate study anticipated more revenue than what was collected (from 2014-2024, Water collected \$7M less than what was projected, and Wastewater (Sewer) collected \$25M less than what was projected due to the deviation from the proposed rates in 2014.

Financial Forecast Key Assumptions (FY2025-2030): Mr. Quinn briefly discussed the forecast basis, reserve target, and capital plan annual spending. He highlighted that the presentation used the smallest capital plan available for Utilities. The capital plan addresses some, but not all, of Utilities' highest priority projects and defers the majority (90%) of projects beyond the study period.

Water Operating Obligations: Mr. Quinn highlighted that although Water Utilities collects enough revenue to support operational costs, there is a deficit for capital projects.

Water Scenario Comparisons: Mr. Quinn provided an example comparing rate increases under two funding methods for a Fixed Residential Bill. The first, Cash Funding, requires a 10.25% increase annually, and the second, Debt Funding, requires a 7% increase annually. Mr. Quinn noted that the

table is based on the smallest capital plan. He demonstrated that using the moderate capital plan would result in nearly doubling the rates by Fiscal Year 2030 (FY30) compared to the smallest capital plan rates. Due to the significant rate increases associated with the moderate capital plan, the decision was made to move forward with the smallest capital plan to ensure rate increases remain more palatable.

Wastewater (Sewer) Operating Obligations: Mr. Quinn highlighted the Sewer Utility is not generating any cash flow that can be used on the capital plan. Beginning in FY26 and FY27, the Sewer Utility will no longer collect enough operating revenue to cover operating expenses.

Sewer Capital Funding options: Mr. Quinn spoke to three different funding options: 100% Cash Funding, Bond Vote Passes & Cash, and Bond Vote Passes & Debt.

Sewer Scenario Comparisons: Mr. Quinn provided an example comparing rate creases under three funding methods for a Fixed Residential Bill. The first is cash funding, which requires a 34% increase in FY26, 18% in FY27, and 5% in the following years. The second, Bond Vote Passes & Cash, requires a 12.75% increase for FY27 through FY28 and 12.25% in FY29 and FY30. The third, Bond Vote Passes & Debt, requires an 11.5% increase in FY26 through FY28 and 11% in FY29 and FY30. He reminded the group that the smallest capital plan was also used for the Sewer Utility and demonstrated that using the moderate capital plan would result in unpalatable increases.

Mr. Kelly inquired if the debt is ever paid for through sales tax or other revenue. Ms. Koch shared that, at this point, the Utility is fully supported by ratepayers. Utilities are not receiving Sales Tax or Property Tax. Ms. Koch reminded the group that this could be a discussion in future years in the 1% Sales Tax.

Chair Bryson asked if the PWFC could recommend the smallest capital plan scenario and forward it to the Assembly Finance Committee. Ms. Koch confirmed this could be done. She clarified that the group could refer the rate study to Finance with recommendations, hold it at PWFC, or decide to wait until after the municipal election.

Mr. Kelly inquired about the term CBJ would be paying back debt. Mr. Quinn shared that for the State loans, they assumed a 20-year term at a 2%% rate consistent with what the State is offering at this time. Mr. Quinn shared that bonds were assumed to be repaid through property taxes and not through Utility Rates; no assumptions were made through the Utility Analysis. Ms. McEwen shared that the Bond on the ballot is a 10-year term.

Ms. Hughes-Skandijs expressed her gratitude to the consultants, superintendent, director, and Utility Advisory board for their work.

Mr. Hughes-Skandijs moved that the Public Works and Facilities Committee forward the full Proposed Utility Rate Increase to the Assembly Finance Committee.

No objections. Motion passed.

G. INFORMATION ITEMS

5. Mendenhall River Drainage Outfall Culverts Update (Check Valves)

Ms. Koch shared that the check valves are installed, and all the storm and sewer drains along the river currently have one-way valves, meaning that water will not travel up through the storm and sewer systems into the community.

6. August 2023 Jökulhlaup Flood Anniversary & Update



AFC

Utility Rate Study

Proposed Increase

Brian McGuire

11/6/2024



Agenda

- Overview of Utility Assets
- Rate Increase Revisit
- Rate Study
- Utility Goals



Utility Wastewater Infrastructure:

JUNEAU TREATS
1.2B
GALLONS
EVERY YEAR

Wastewater Treatment & Collections

3 Wastewater Treatment Plants

Mendenhall –	1960/1989
Juneau-Douglas -	1970's
Auke Bay -	1970's/1997

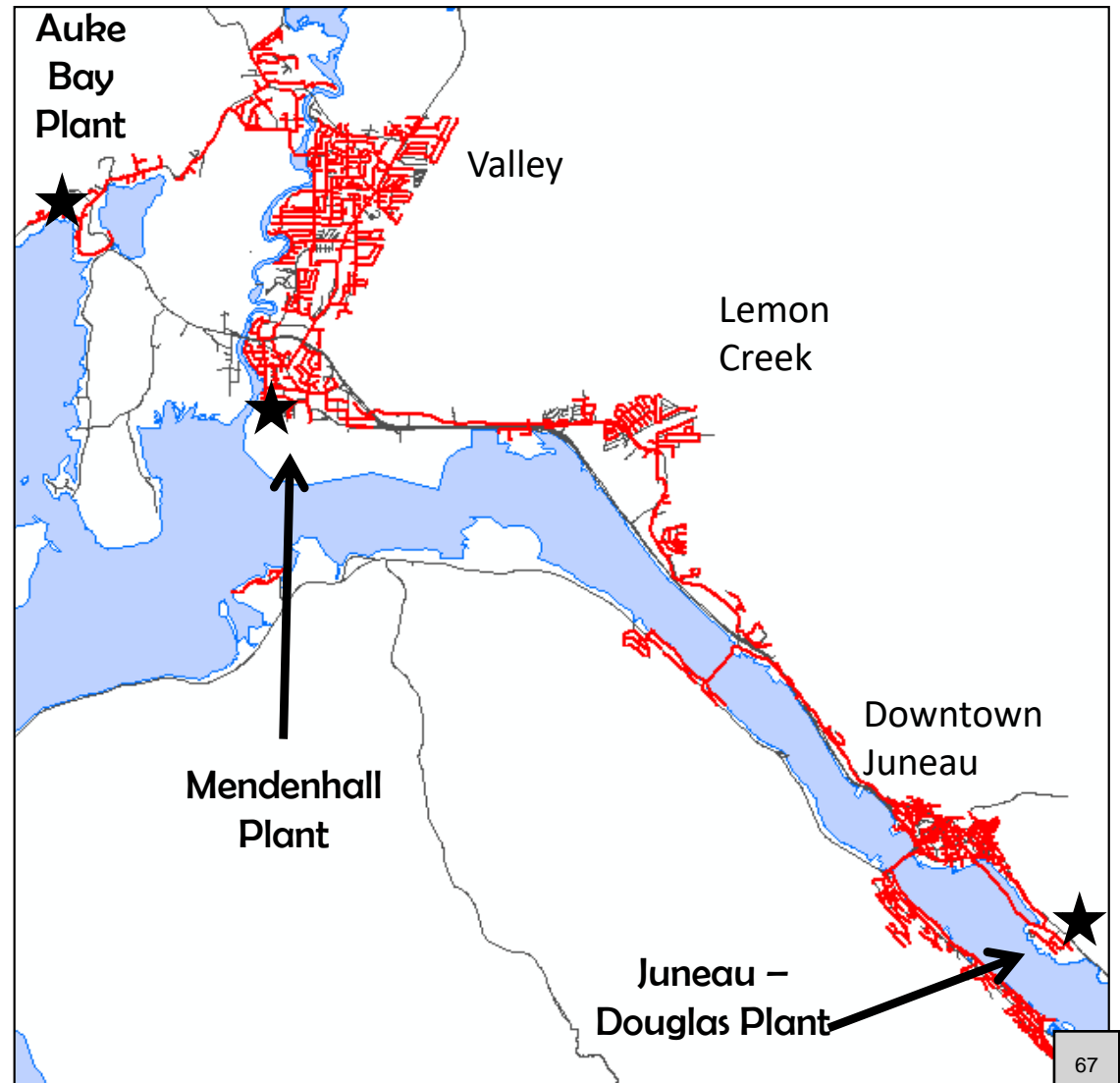
12 clarifying basins (in the plants)

45 Sewer Lift Stations

140 Miles of Pipes

7100 Service Connections

\$109 Million – Original Cost





Utility Water Infrastructure:

JUNEAU
PRODUCES

1.1B
GALLONS

EVERY
YEAR

Water Production & Distribution

2 Water Sources & Treatment Facilities

6 Reservoirs

3 Contact Tanks

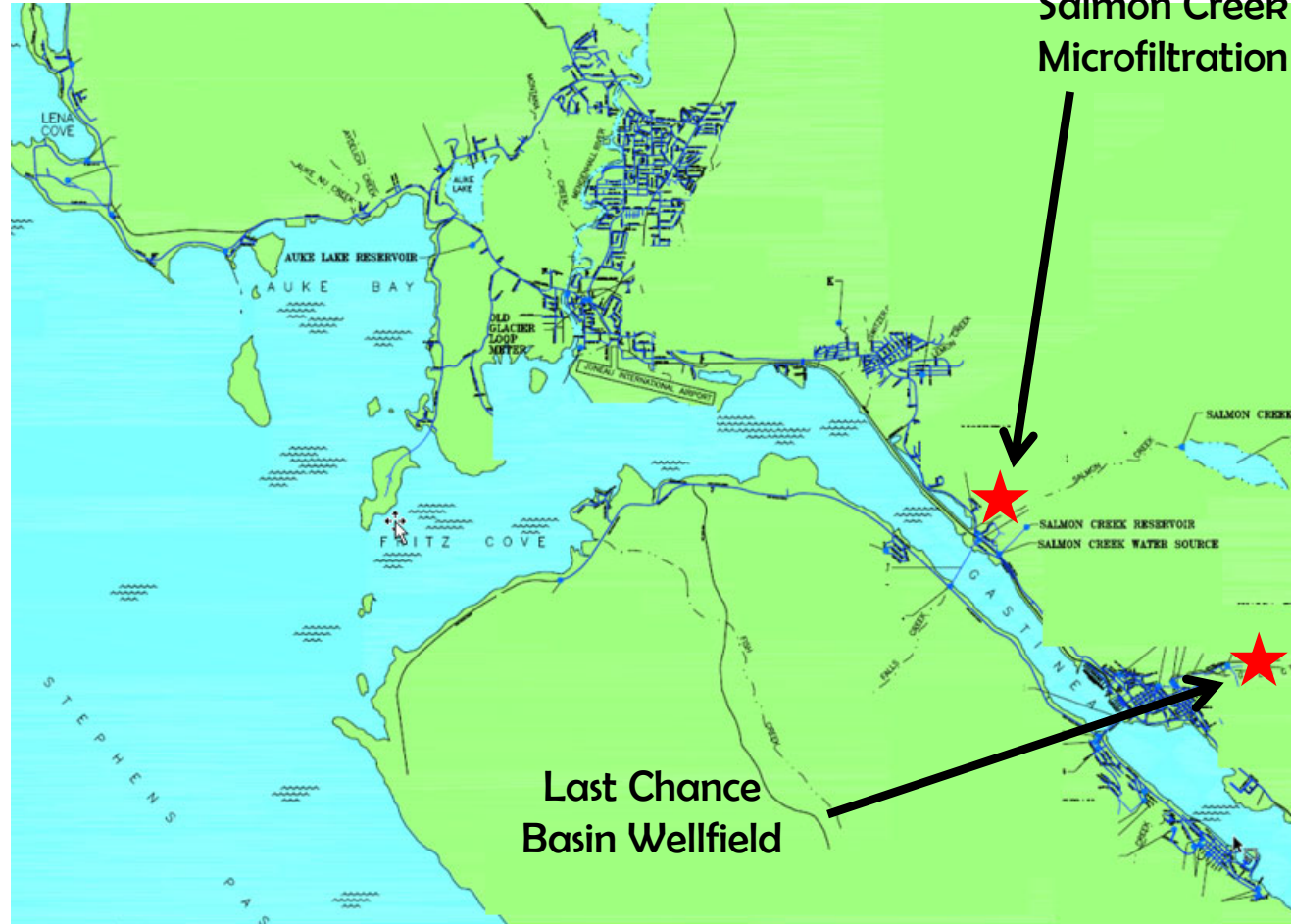
8 Pump Stations

37 Pressure Regulating Values

175 Miles of Pipes

8500 Service Connections

\$113 Million – Original Cost





Water & Sewer Rate Increase

- Last Utility Rate Increase took effect FY 25 (7/1/24 – 6/30/25)
 - Last 5 year increase schedule was 4%, 2%, 2% ,2% ,2%
- Request: Increase during period FY26-FY30



State of the Effort

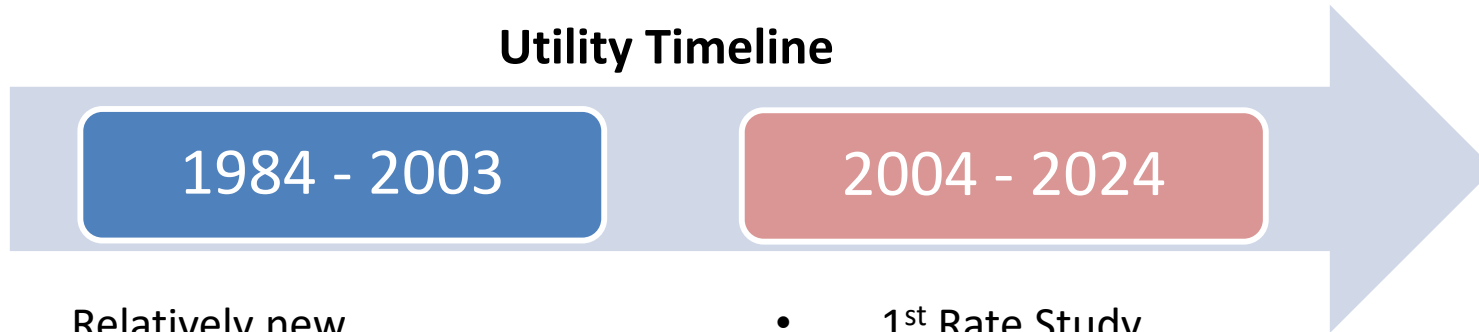
- September 2023 – Presented to PWFC on rates.
 - Funding Increases of 10-15%
(\$15 - \$22)
- Presented again in Aug 2024

The Utility has been working with UAB for over a year. UAB is supportive of rate increases.



How we got here

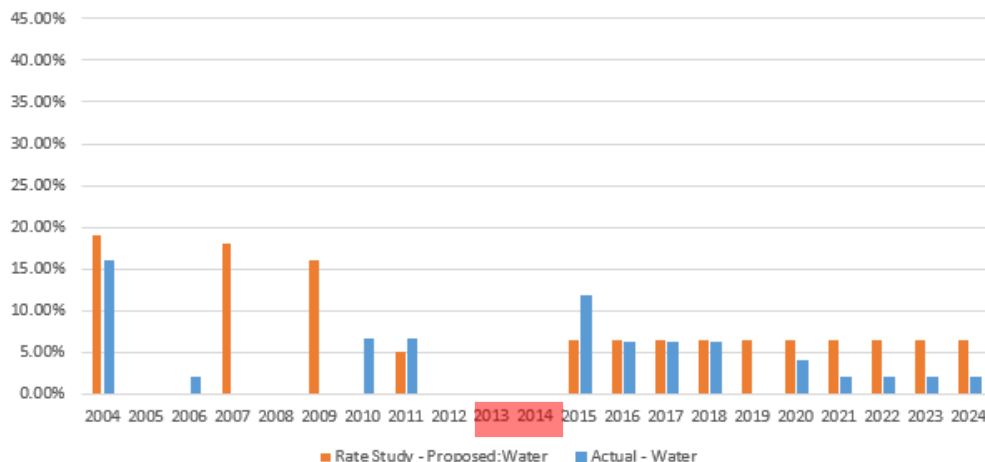
Utility Timeline



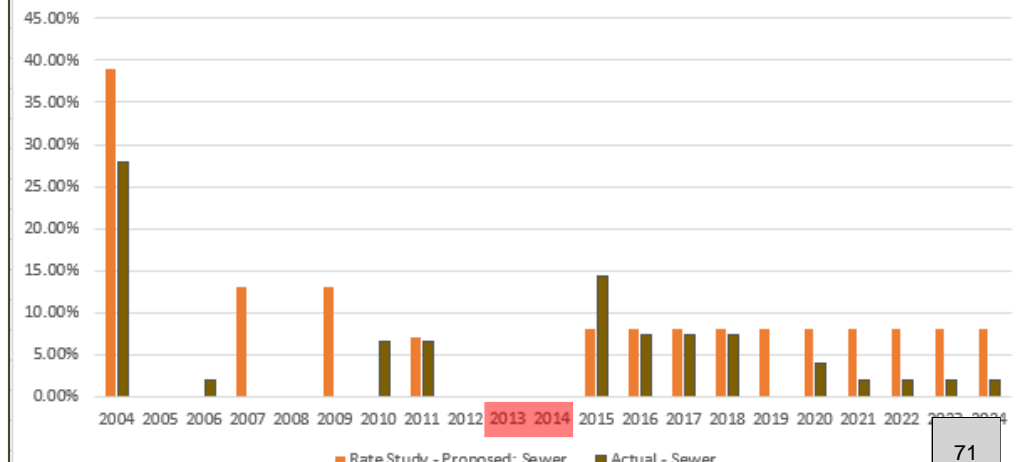
- Relatively new
- MWWTP Modernization
- Few Rate Increases
- Utility had overall operating loss
- No Depreciation Fund

- 1st Rate Study
- Formation of Utilities Advisory Board
- Began Rate Increase Efforts
- Overall, increases below recommendations
- Sales Tax (\$4MM, \$13.5MM)

Water
2004 - 2024 Rate Study Proposed vs. Actual



Sewer
2004 - 2024 Rate Study Proposed vs. Actual

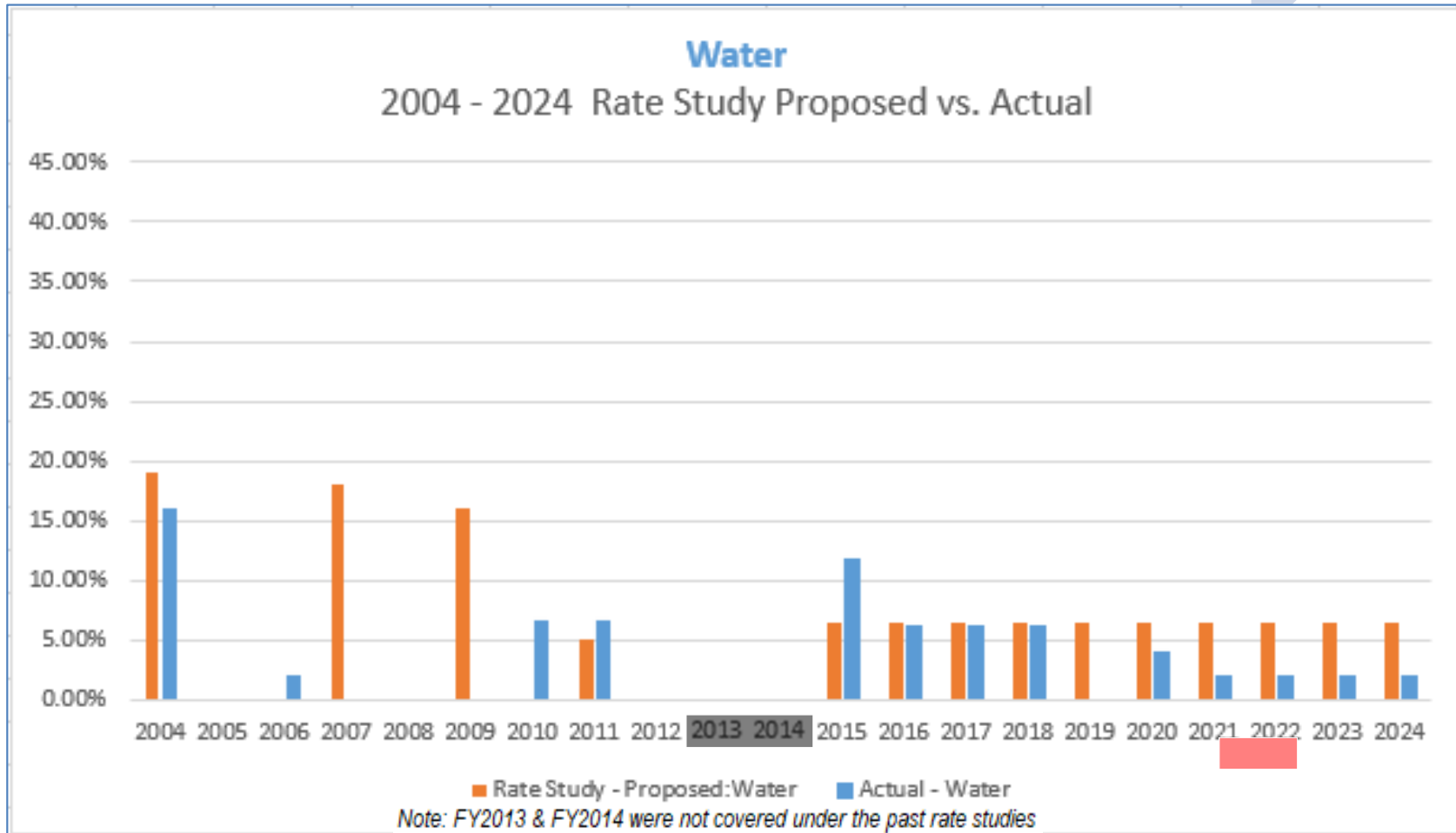
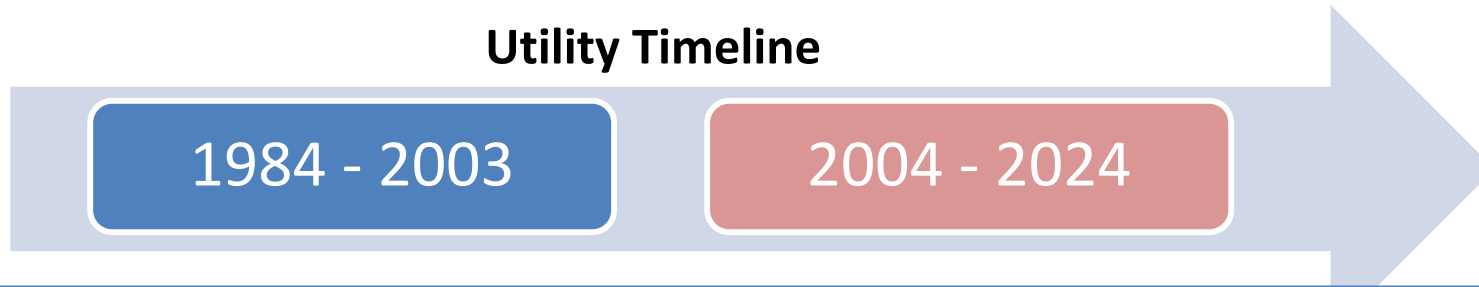


Note: FY2013 & FY2014 were not covered under the past rate studies



How we got here

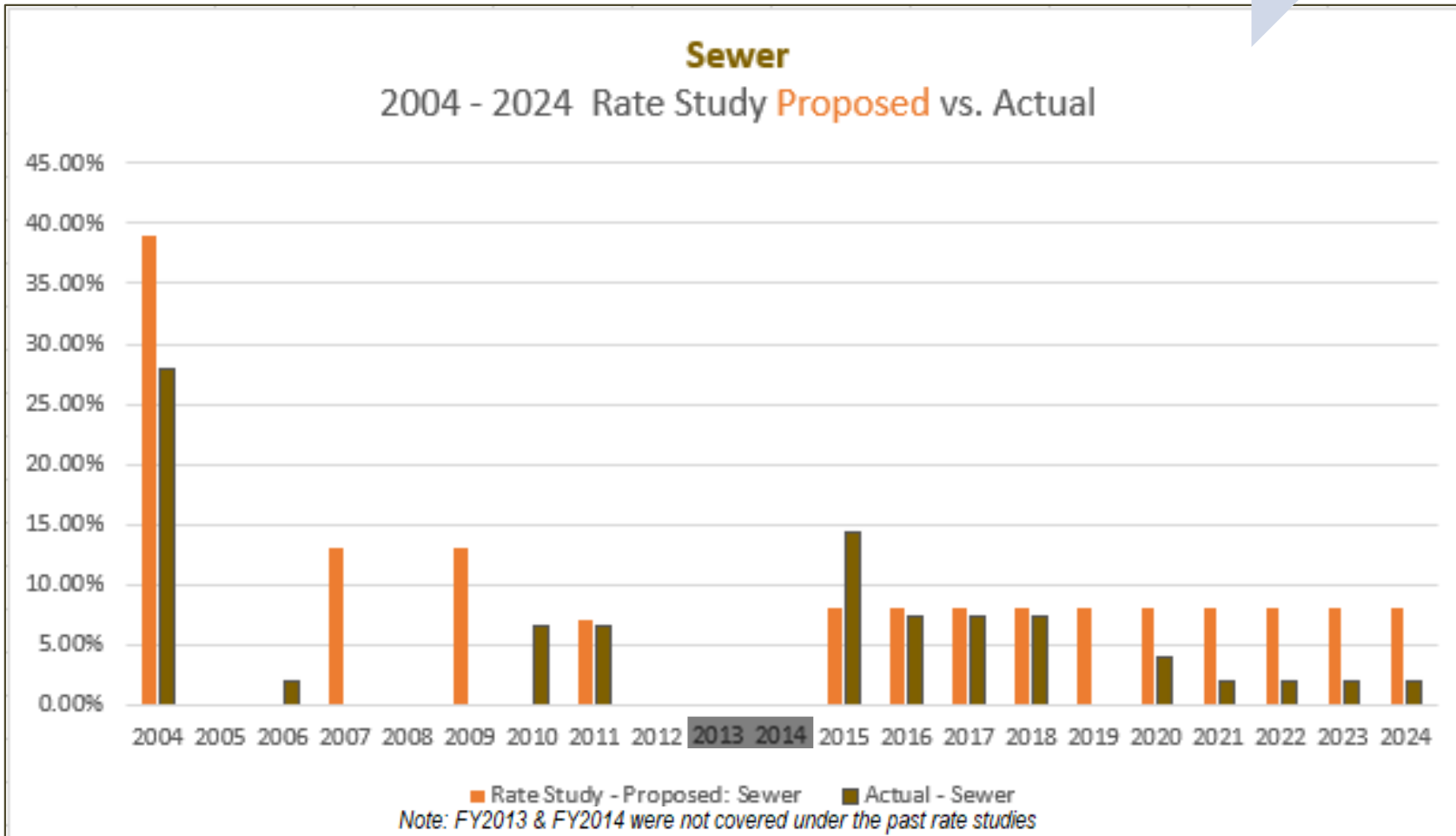
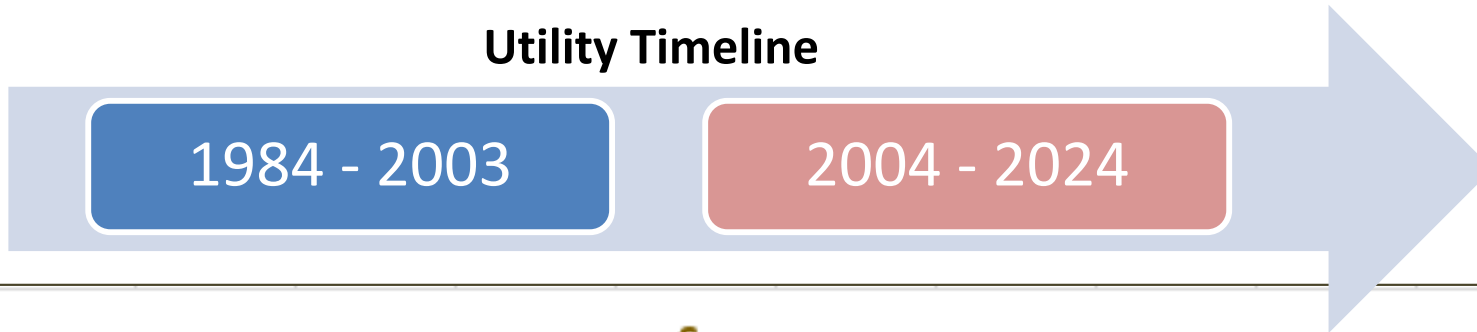
Utility Timeline





How we got here

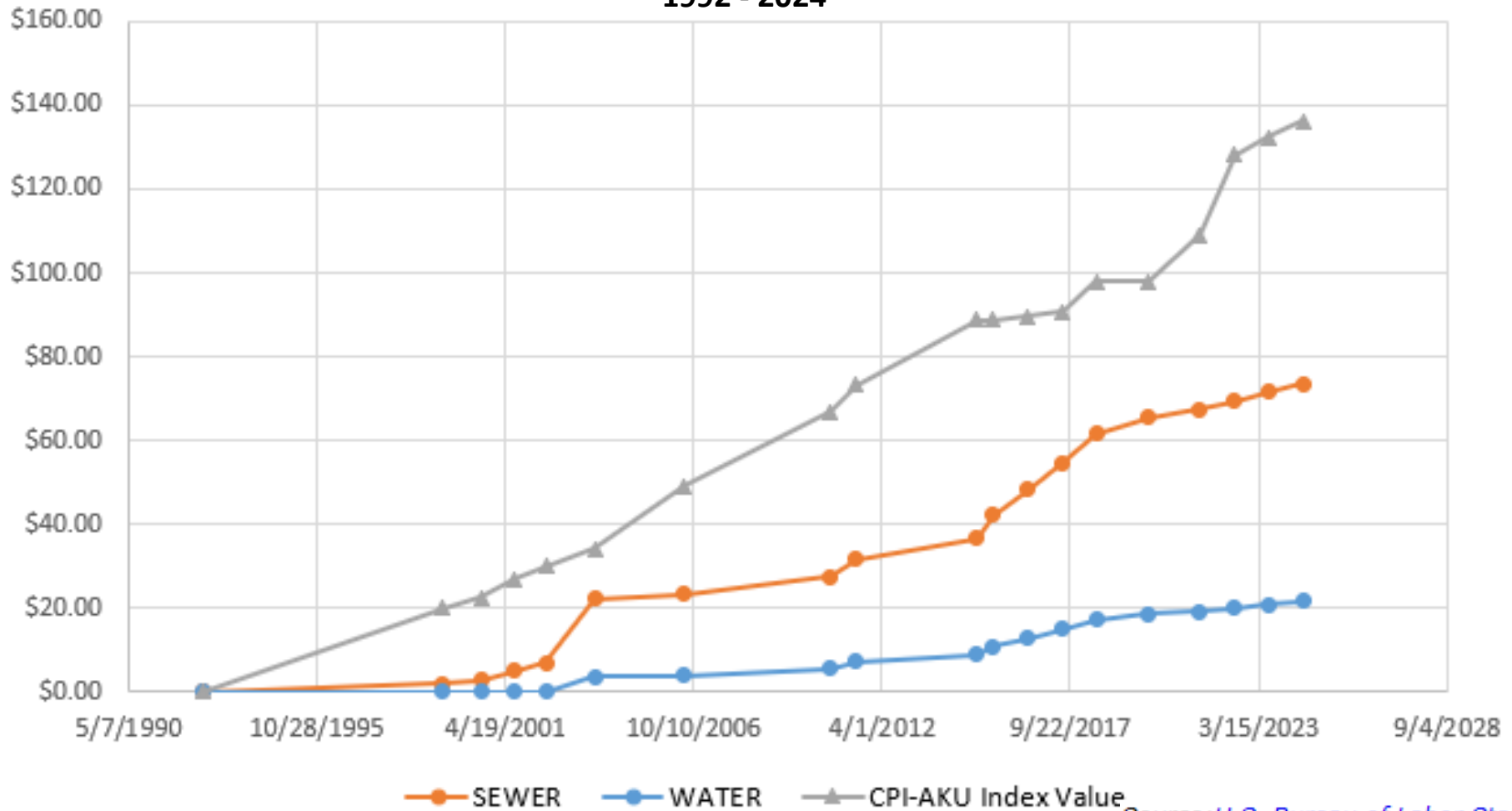
Utility Timeline





Water & Sewer Rate History

Historical Cost Increases (\$/yr)
CPI for Urban Alaska vs. CBJ Utility
1992 - 2024



Source: [U.S. Bureau of Labor Statistics](https://www.bls.gov/)



Utility Goal

Supporting Community Health through Provision of Essential Services

- Reliability
- Resilience
- Maintenance
- Safety/Security



Outside Expertise

- Hired FCS for:
 - Broad utility expertise
 - Deep accounting expertise
 - Objectivity



Next Steps for you

- 2 Requests
 - Public meetings as next step?
 - Recommend one of the funding options
 - Debt funding or Cash



Thank you



Back Up



CIP Scenarios

- CBJ worked with Consultants to consider several options for Rate Increase:
 - Developed 3 CIP funding scenarios.
 - Started with the 6 yr CIP for next 5 years, FY26-30
 - 80 water projects, 50 Sewer Projects
 - Geared toward total identified needs. Difficult to pull off.
 - This was the base scenario and was vetted for two additional scenarios.

We employ a Methodology to guide Priority funding



Methodology

- Team identified risks categories to CBJ Infrastructure.
 - Projects on 6 yr CIP plan were given a point if they addressed a risk
 - Water
 - » System Controls and Security
 - » Condition (Obsolescence/End of Life/Deferred Maintenance)
 - » Valley Water Distribution Disruption
 - » Road Reconstruction Alignment
 - Sewer
 - » System Controls and Security
 - » Condition (Obsolescence/End of Life/Deferred Maintenance)
 - » Mendenhall Treatment Plant Viability
 - » Infiltration and Inflow Reduction



CIP Scenarios

- After Scoring Projects, the emerged for FY26-FY30:
 1. Extensive – 80 water projects, 50 Sewer Projects, \$516MM
 2. Moderate – 29 water projects, 31 Sewer Projects, \$104MM
 3. Reduced – 21 water projects, 15 Sewer Projects, \$56MM

After assessing rates at each scenario, #3 Reduced, was selected

Risk to utility service exists under selected plan



CITY AND BOROUGH OF JUNEAU

Water & Wastewater Rate Study

Paul Quinn, Project Manager
Angie Sanchez Virnoche, Principal

November 06, 2024

 **FCS GROUP**
Solutions-Oriented Consulting



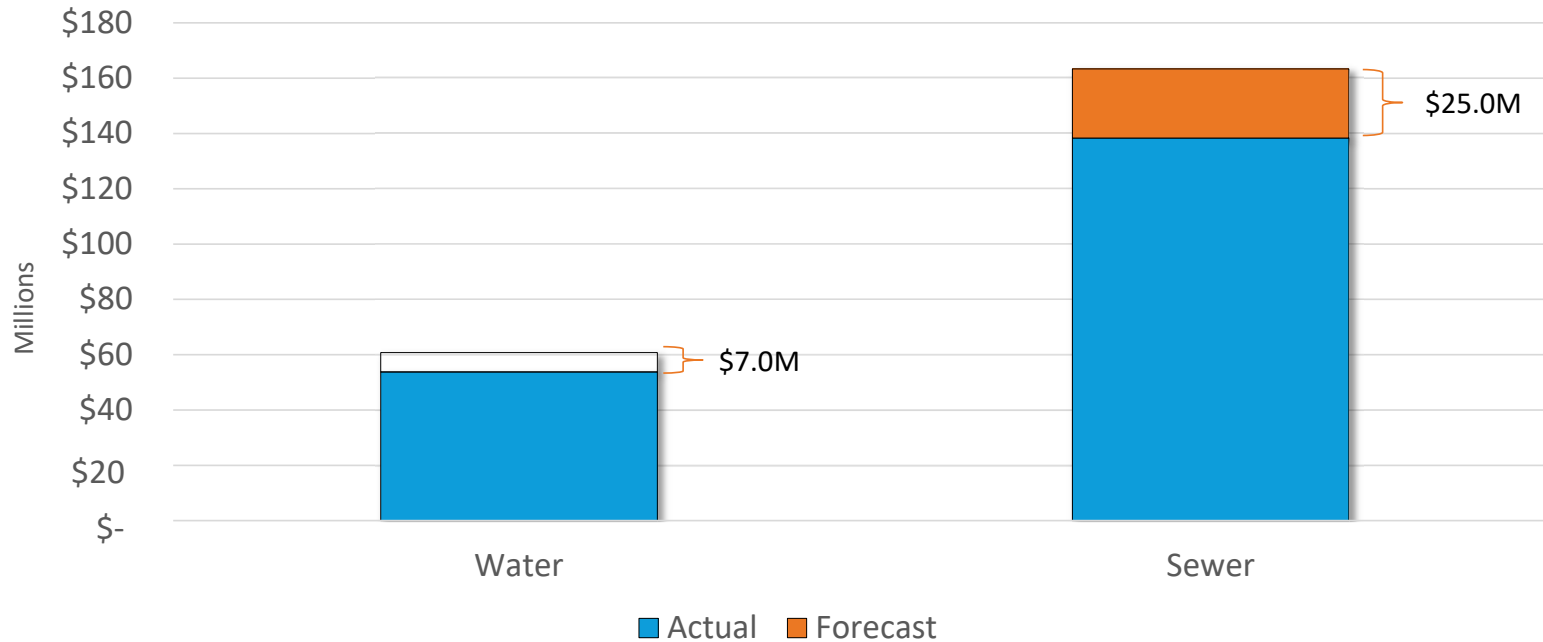
Agenda

- Review of past rate study
- Overview of revenue requirement
- Key assumptions
- Results
- Feedback



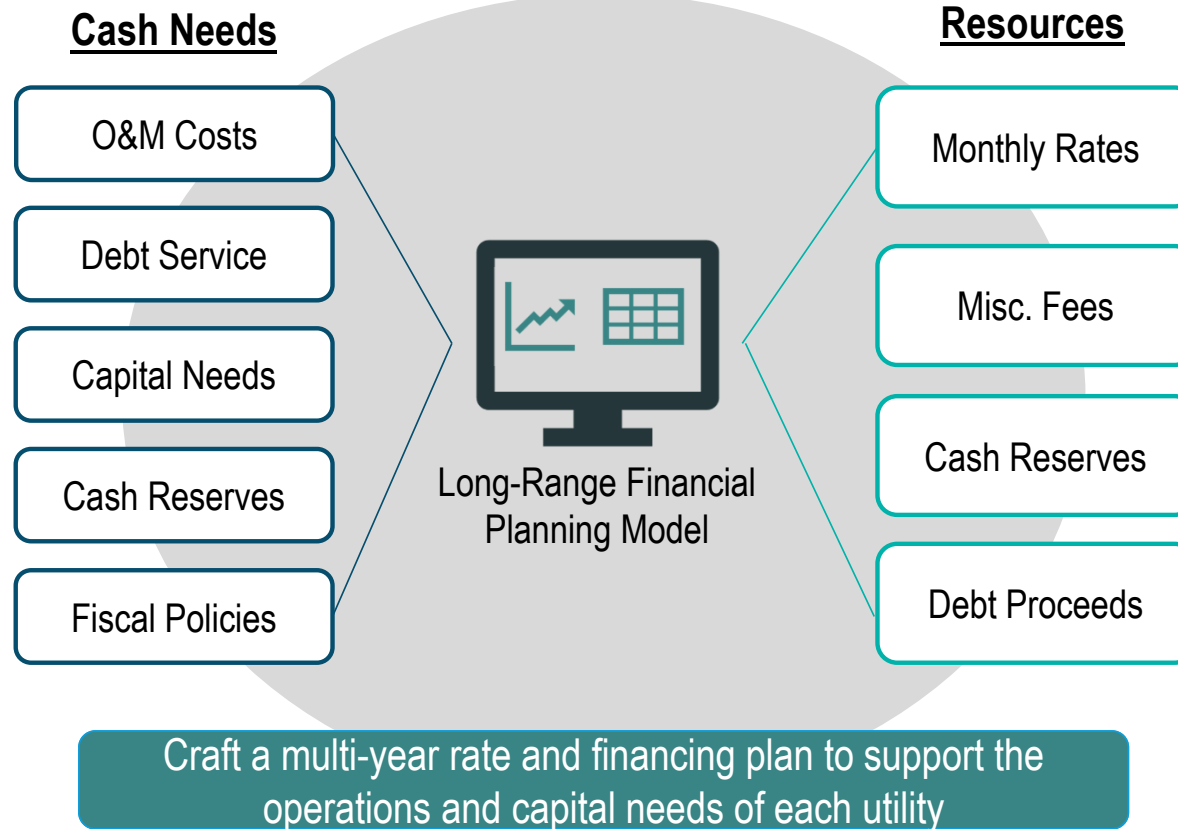
Forecast vs. Actual Revenue Difference

- Compares total forecast rate revenue vs. actual collected from FY2014 – FY2024





Rate Study Components





Financial Forecast Key Assumptions



Forecast Basis

Study Period: FY2025-2030
Budget: FY 2025 and 2026
used as baseline



Reserve Target

90 days of Operating
Expenses + 2% of Assets



Customer Growth

Minimal Growth



Annual Rate Revenue

Water: \$5.6M
Sewer: \$15.3M



Operating Expense Inflation

4.0% to 5.0% annual cost
inflation factors



Capital Expense Inflation

5.0% to 7.0% annual cost
inflation



Existing Debt Service

Water: \$0.3M
Sewer: \$1.3M



Capital Plan

Water: \$4.1M avg. annual
Sewer: \$5.9M avg. annual



Capital Plan

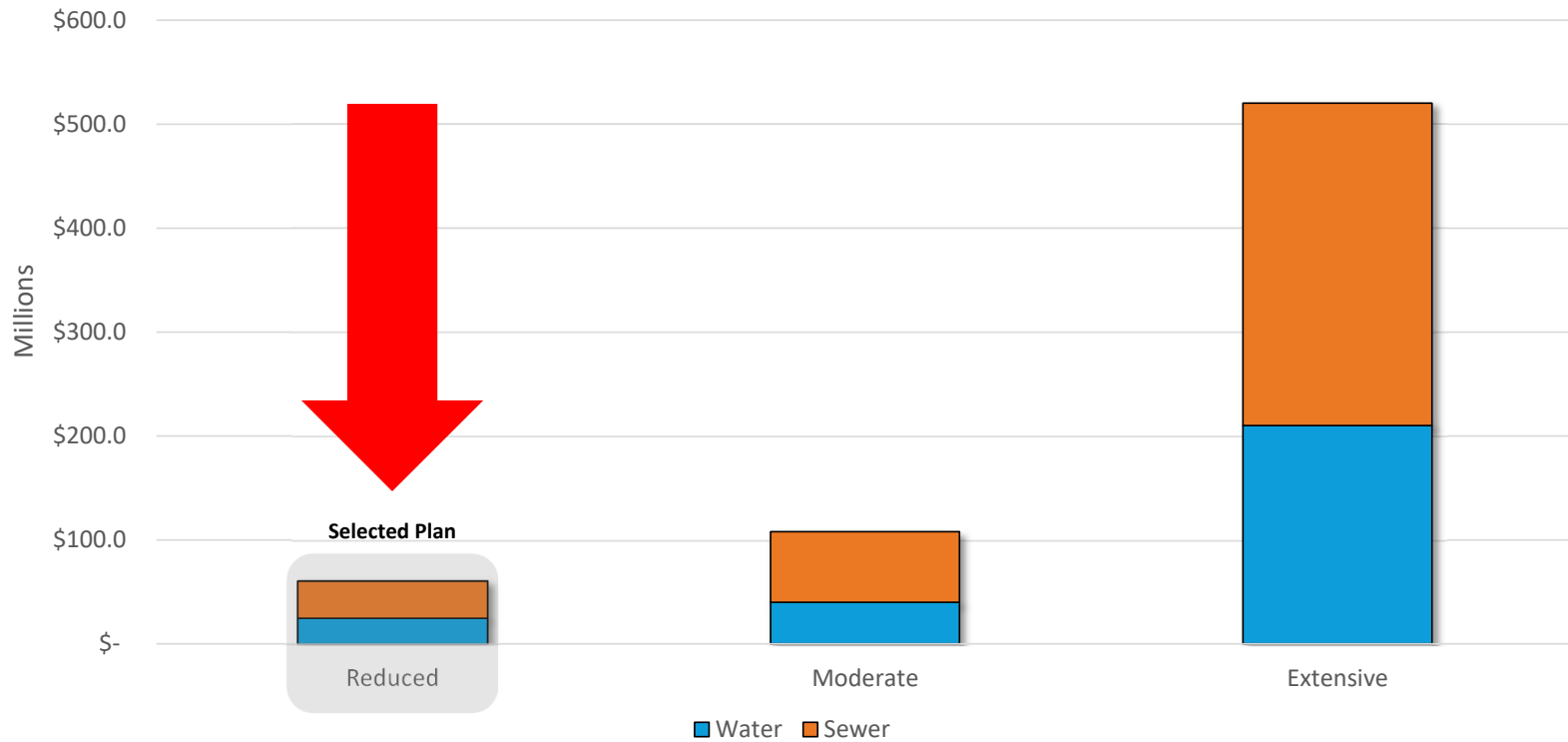
- Developed by DOWL in consultation with the utilities
 - » Three alternatives developed
 - » Smallest capital plan available for the utilities selected for today's consideration

- FY2026-2030


- Addresses some of the highest priority projects
 - » Defers majority of projects beyond study period (FY2030)



FY2025 – FY2030 Capital Plan Comparison



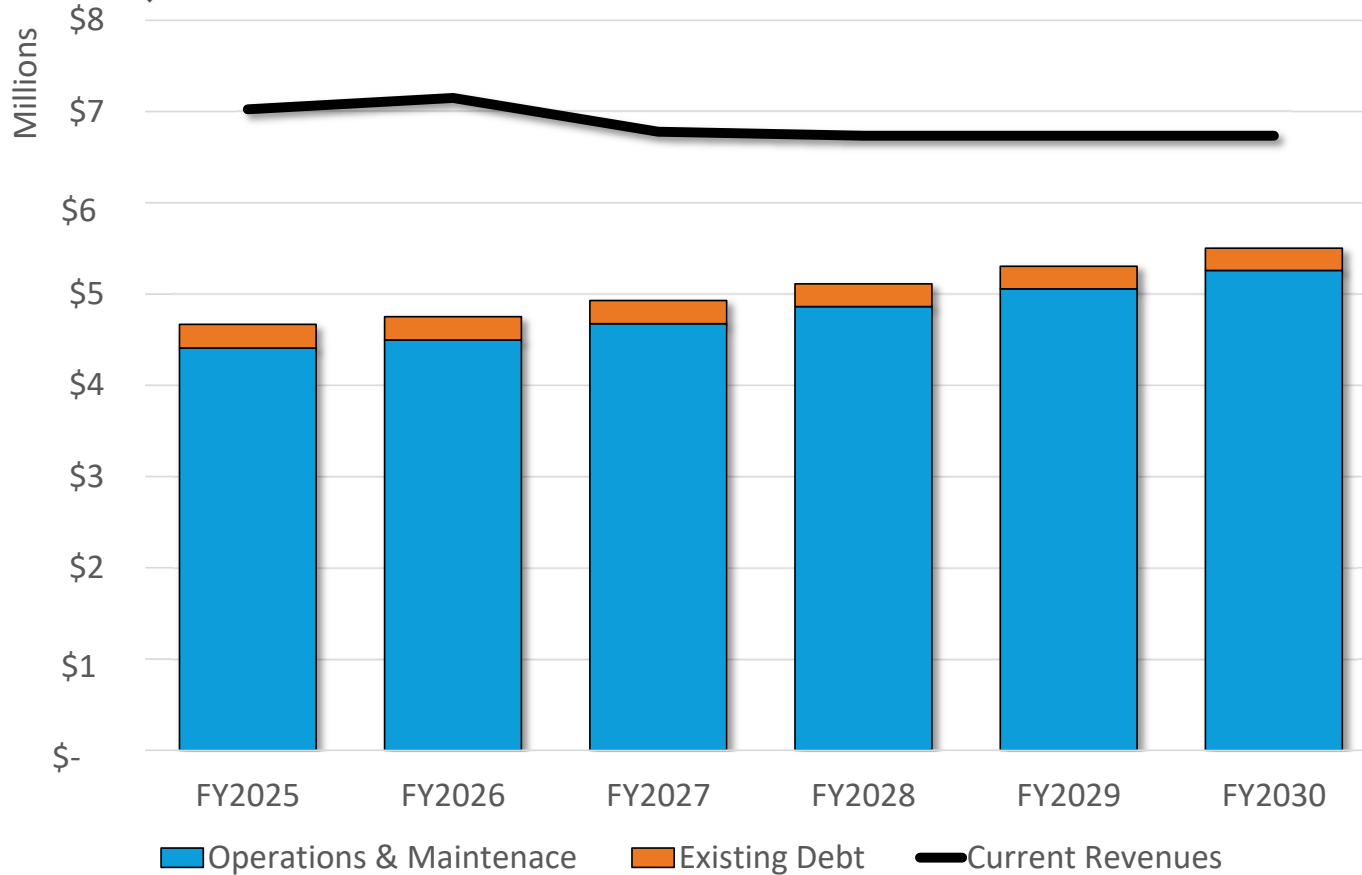
- Risk to utility service exists under selected plan



Water Utility



Water Operating Obligations

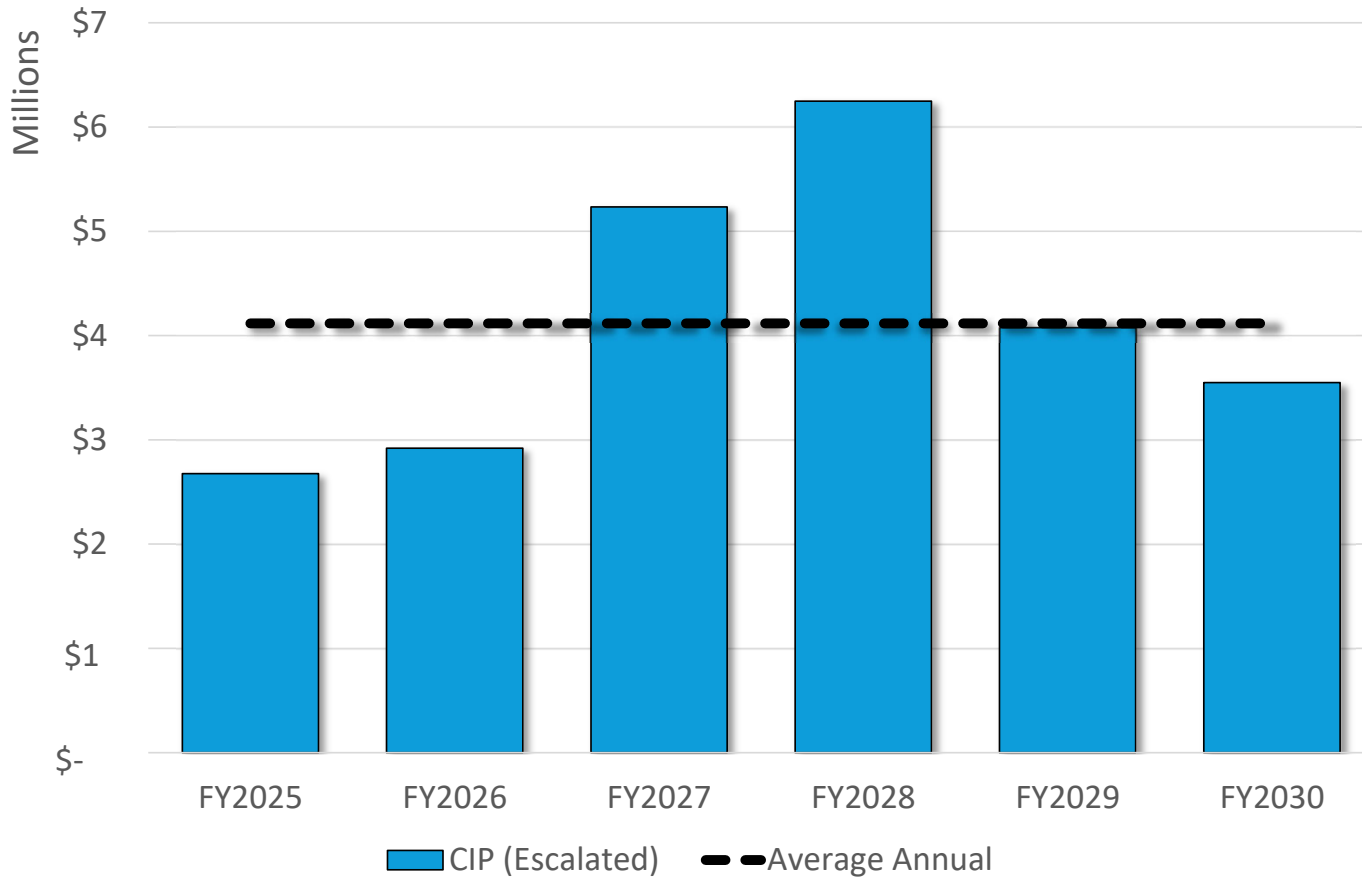


- O&M costs: \$4.4 - 5.3M
- Debt: \$0.3M annually
- Revenue: \$6.7 – 7.0M

- Under current rates average of \$1.8M available for capital each year



Water Capital Plan



- \$24.7M in total capital spending needs
- \$4.1M average annual capital spending
- **Deferring \$185.3M beyond FY2030**



Water Capital Funding Options

- Scenario 1: 100% Cash Funding
 - » Completely fund the capital plan through available fund balance or rate increase
 - » Results in the highest rate impacts

- Scenario 2: Debt Funding
 - » Issue the maximum amount of debt that may be available
 - » Assumed to be 20% of FY2026-2030 capital funded through State loans
 - \$4.3M in debt proceeds



Alaska Loan Forgiveness

- State loans are assumed to be paid back by the utilities
- State offers loan forgiveness/grants
 - » Prioritizes disadvantaged communities
 - » Looks at various metrics including
 - Lowest quintile income relative to state's figure
 - Utility rates relative to lowest quintile income
 - Number of households receiving SNAP benefits
 - Number of households below poverty level relative to state average
 - Unemployment rates relative to state average
 - Population change
- Juneau is not a good candidate for loan forgiveness/grants

Loan Assumptions

- State revolving fund program
 - » Through Department of Environmental Conservation (DEC)
- Assumptions
 - » Term length – 20 years
 - » Interest rate – 2.75%
- Pros
 - » Intergenerational equity
 - » Lower upfront rate increases
- Cons
 - » Ongoing debt service repayments



Water Scenario Comparisons

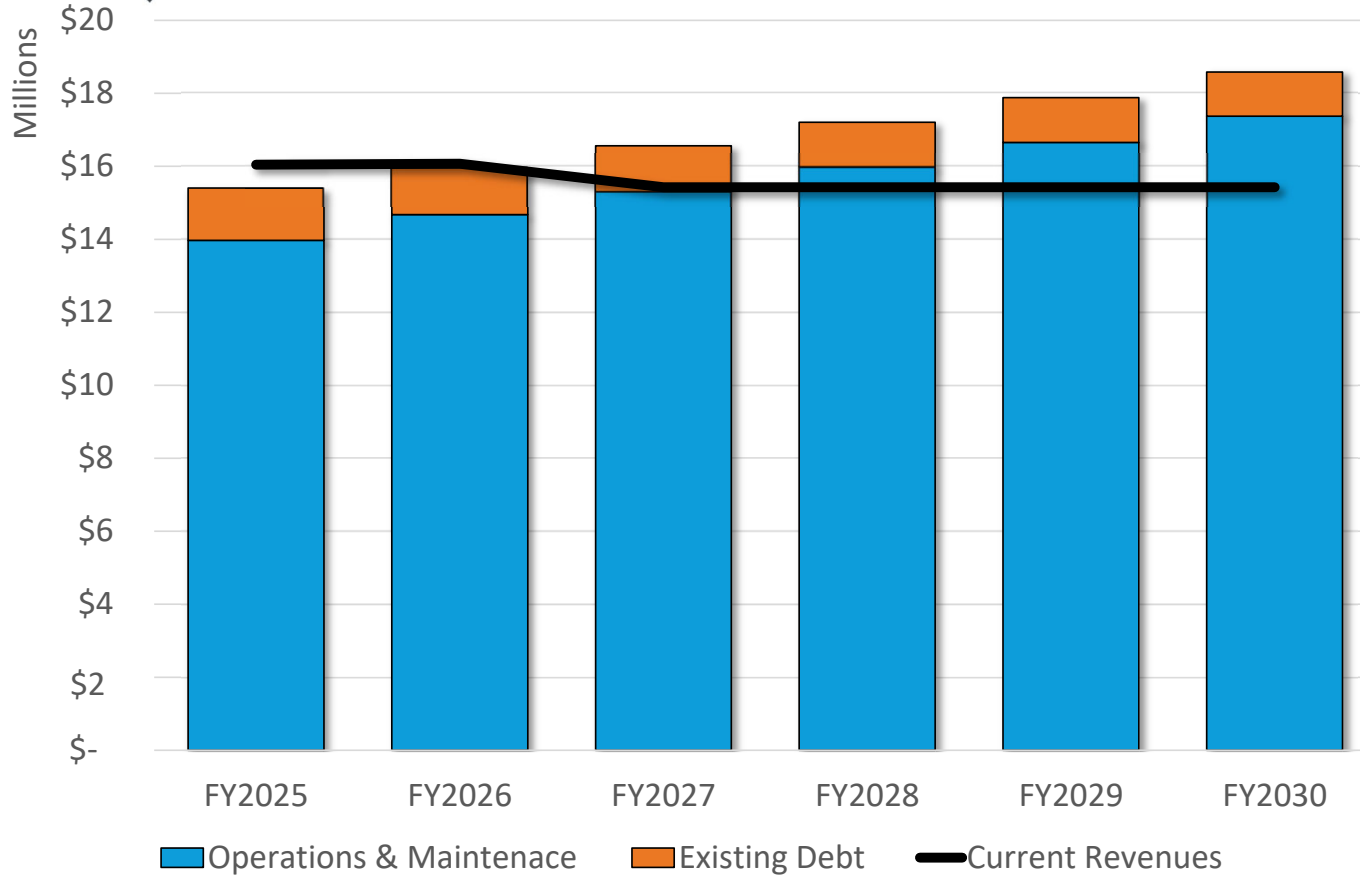
							FY30 Moderate CIP
							\$114.64
Debt Funding	\$40.72	\$43.57	\$46.62	\$49.88	\$53.38	\$57.11	\$95.15
Debt Funding		\$0.60	\$1.00	\$1.20	\$0.80	\$0.70	\$4.30
							FY26 Moderate CIP
							23.00%
Debt Funding		7.00%	7.00%	7.00%	7.00%	7.00%	18.50%
\$ Change to Bill	FY2026	FY2027	FY2028	FY2029	FY2030	Total	
Cash Funding	\$4.17	\$4.60	\$5.07	\$5.59	\$6.17	\$25.61	
Debt Funding	\$2.85	\$3.05	\$3.26	\$3.49	\$3.74	\$16.39	



Sewer Utility



Sewer Operating Obligations

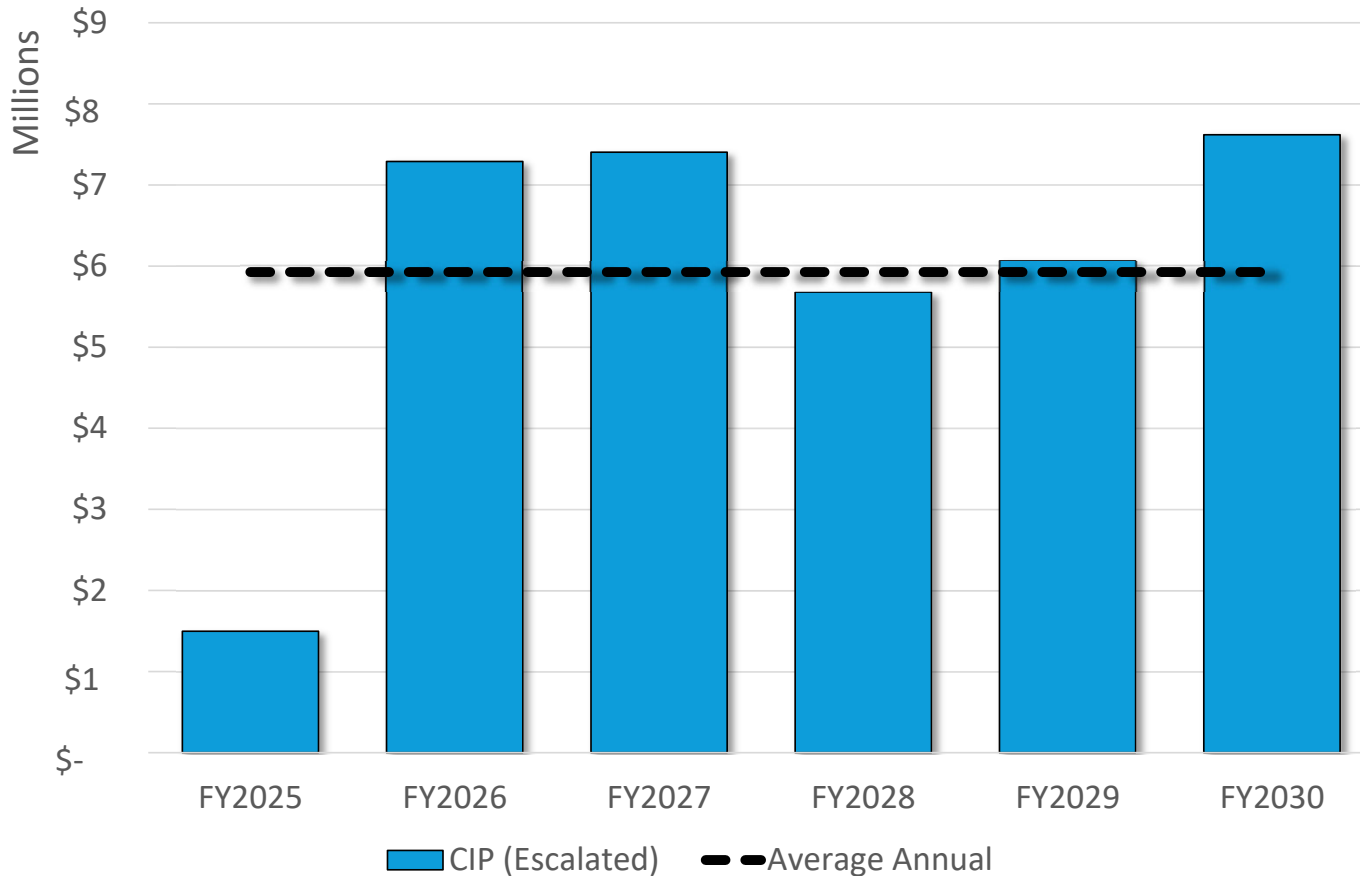


- O&M costs: \$14.0 – 17.4M
- Debt: \$1.2 – \$1.4M
- Revenue: \$15.4 – \$16.1M

- No cash generated for capital
 - » Rate increase necessary to address operating deficiency



Sewer Capital Plan



- \$35.6M in total capital spending needs
- \$5.9M average annual capital spending
- **Deferring \$274.6M beyond FY2030**



Sewer Capital Funding Options

- S1: Bond Vote Fails & Cash (100% Cash Funding)
 - » Completely fund the capital plan through available fund balance or rate increase (includes clarifier)
 - » Results in the highest rate impacts
- S2: Bond Vote Fails & Debt
 - » Secure \$4.8M in State loans but cash fund clarifier project
- S3: Bond Vote Passes & Cash
 - » Issue \$10.0M of bonds to fund the JD clarifier – debt to be repaid through property taxes
 - » All other projects cash funded
- S4: Bond Vote Passes & Debt
 - » Bond vote passes & utility secures the maximum amount of State loans that may be available
 - » Assumed to be 20% of FY2026-2030 capital funded through State loans
 - \$4.8M in state loan proceeds | Clarifier project to be funded through separate \$10.0M bond



Sewer Scenario Comparisons – Bond Vote Fails

							FY30 Moderate CIP
							\$225.47
Bond Vote Fails & Debt	\$106.08	\$137.90	\$165.48	\$173.76	\$182.45	\$191.57	\$214.05

Bond Vote Fails & Debt	\$0.50	\$0.50	\$1.10	\$1.20	\$1.50	\$4.80
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						FY26 Moderate CIP
						95.00%
Bond Vote Fails & Debt	30.00%	20.00%	5.00%	5.00%	5.00%	77.00%

\$ Change to Bill	FY2026	FY2027	FY2028	FY2029	FY2030	Total
Bond Vote Fails & Cash	\$36.07	\$25.59	\$8.39	\$8.81	\$9.25	\$88.09
Bond Vote Fails & Debt	\$31.82	\$27.58	\$8.28	\$8.69	\$9.12	\$85.49



Sewer Scenario Comparisons – Bond Vote Passes

							FY30 Moderate CIP
							\$219.71
Bond Vote Passes & Debt	\$106.08	\$118.28	\$131.88	\$147.05	\$163.22	\$181.18	\$212.26

Bond Vote Passes & Debt	\$10.50	\$0.50	\$1.10	\$1.20	\$1.50	\$14.80
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						FY26 Moderate CIP
						65.00%
Bond Vote Passes & Debt	11.50%	11.50%	11.50%	11.00%	11.00%	50.00%

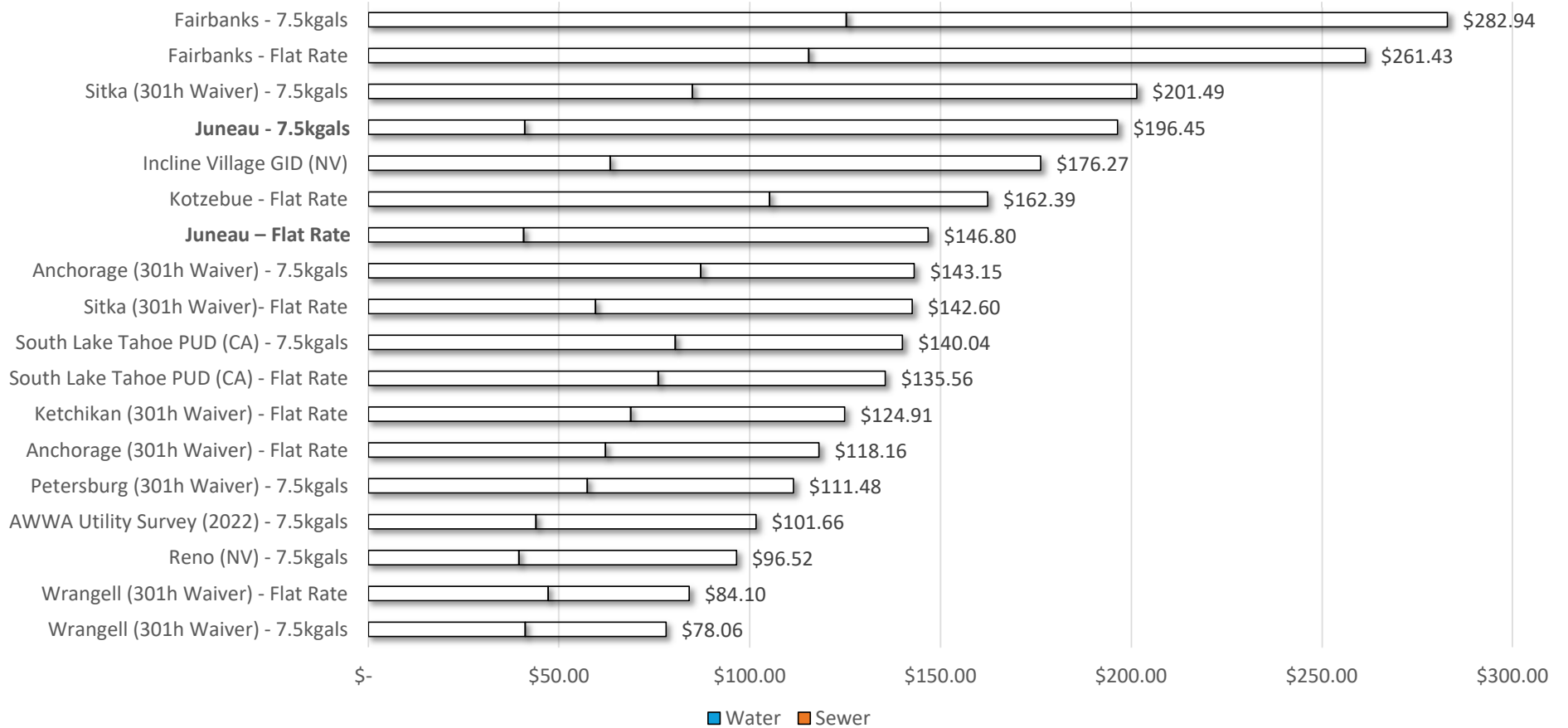
\$ Change to Bill	FY2026	FY2027	FY2028	FY2029	FY2030	Total
Bond Vote Passes & Cash	\$13.53	\$15.25	\$17.19	\$18.63	\$20.91	\$85.50
Bond Vote Passes & Debt	\$12.20	\$13.60	\$15.17	\$16.18	\$17.95	\$75.10



Conclusion



Rate Benchmarking





Next Steps / Discussion

- Water Rate Scenarios:

Fixed Residential Bill	Existing	FY2026	FY2027	FY2028	FY2029	FY2030
Cash Funding	\$40.72	\$44.89	\$49.50	\$54.57	\$60.16	\$66.33
<i>\$ Change to Bill</i>		\$4.17	\$4.60	\$5.07	\$5.59	\$6.17
Debt Funding	\$40.72	\$43.57	\$46.62	\$49.88	\$53.38	\$57.11
<i>\$ Change to Bill</i>		\$2.85	\$3.05	\$3.26	\$3.49	\$3.74

- Sewer Rate Scenarios:

Fixed Residential Bill	Existing	FY2026	FY2027	FY2028	FY2029	FY2030
Bond Vote Passes & Cash	\$106.08	\$119.61	\$134.85	\$152.05	\$170.67	\$191.58
<i>\$ Change to Bill</i>		\$13.53	\$15.25	\$17.19	\$18.63	\$20.91
Bond Vote Passes & Debt	\$106.08	\$118.28	\$131.88	\$147.05	\$163.22	\$181.18
<i>\$ Change to Bill</i>		\$12.20	\$13.60	\$15.17	\$16.18	\$17.95

- Feedback?

Thank you!
Questions?

www.fcsgroup.com

