

**MEETING AGENDA  
5:30 P.M. / COUNCIL CHAMBERS**

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF MINUTES**
  - a. Minutes of September 12, 2019
- 4. APPROVAL OF AGENDA**
- 5. UNFINISHED BUSINESS**
  - a. Code Committee To Do List
  - b. Plastic Bag Use in Dillingham
- 6. NEW BUSINESS**
  - a. Remote Online Sales Tax
  - b. DMC 4.30.050 C Update
  - c. Liquor License Renewal, Dillingham Liquor Store
- 7. PUBLIC COMMENT/COMMITTEE COMMENTS**
- 8. ADJOURNMENT**

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**1. CALL TO ORDER**

The Code Review Committee met on Thursday, September 12, 2019, in the City Council Chambers, Dillingham, AK. Council Member Chris Napoli chaired the meeting and called the meeting to order at 5:30 p.m.

**2. ROLL CALL**

Committee Members present:

Mayor Alice Ruby	Chris Napoli	Gregg Marxmiller
Lori Goodell	Tod Larson	

**3. APPROVAL OF MINUTES**

- a. Minutes of July 25, 2019

MOTION: Gregg Marxmiller moved and Alice Ruby seconded the motion to approve the minutes of July 25, 2019.

VOTE: The motion passed unanimously by voice vote.

**4. APPROVAL OF AGENDA**

MOTION: Gregg Marxmiller moved and Alice Ruby seconded the motion to approve the agenda.

VOTE: The motion passed unanimously by voice vote.

**5. UNFINISHED BUSINESS**

- a. Code Committee's To Do List
  - Plastic bag update (MOA ban to start 9/15/2019)
    - Vendor informational letter to be drafted.
    - Several issues to consider, impact to retailers, timing to roll out, alternative bag choices, penalty for non-compliance.
    - MOA plastic bag ban Ordinance to be reviewed.

Rhonda Jenkins – A.C.; spoke in support of Dillingham regulations, requested vendors be included in the process, and stressed the need for public notice.

Gorden Isaacs; noted it would be good to time implementation with enough notice to deplete existing supply of bags on hand. Stated it takes to educate the public.

Susan Isaacs; spoke regarding repurposing old bags.

- Casual / isolated sales
  - DMC and Bethel's definition of casual / isolated were reviewed.
  - The process for determination of status is done by the City Manager.
  - Noted code needs to be manageable and enforceable by city staff.
  - There has been an effort to educate and locate businesses not in compliance.
  - This item will be revisited next year to allow administration time to gather more information regarding the current methodology.
- Internet sales tax

- AML is building a comprehensive plan (collections, distributions, enforcement, compliance, and self-audit) that communities may choose to join.
- Council will need to take official action to be part of the AML group.
- The City currently receives \$8,000 - \$10,000 per month from online sales tax.

**6. NEW BUSINESS**

- a. Bristol Bay Bud Company, LLC Retail Marijuana Store License Renewal

MOTION: Alice Ruby moved and Lori Goodell seconded the motion to recommend to council the city not protest Bristol Bay Bud Company Retail Marijuana Store License Renewal.

VOTE: The motion passed unanimously by voice vote.

- b. Review liquor / marijuana license review form
  - The existing form will be updated to include marijuana in the title.
  - A section will be added to reflect code requirements specific to marijuana regulations.

**7. PUBLIC COMMENT/COMMITTEE COMMENTS**

Alice Ruby: commented regarding the length of the meeting.

Gorden Isaacs: Noted the Bristol Bay Bud Company is a cash business that provides revenue for the city, and is now open 7 days a week. Noted the marijuana black market is still active. Requested Public Safety put pressure on marijuana sellers not complying with state and local regulations.

Susan Isaacs: commented on the need to be vigilant.

Gregg Marxmiller: thanked those that come and participate, noting it helps council make better decisions.

Chris Napoli: Stated it was good to have the A.C. representative at the meeting. Thanked the committee.

**8. ADJOURNMENT**

The meeting adjourned at 6:53 p.m.

\_\_\_\_\_  
Chris Napoli, Chair

ATTEST:

\_\_\_\_\_  
Lori Goodell, City Clerk

Approval Date: \_\_\_\_\_

**CODE REVIEW COMMITTEE'S TO DO LIST**

Updated 2.1.2019

<b>C#YR</b>	<b>DATE ASSIGNED</b>	<b>TASK</b>	<b>STATUS Resolved?</b>	<b>Finance &amp; Code</b>
	August 2, 2018	Retail Plastic Bag Discussion		
	Dec. 6. 2018	Review Sales Tax exemption regarding lease		
	Dec. 6. 2018	Review personal use v commercial use; fishing vessels		
	April 4, 2019	Update Sales Tax Code, language for SCOTUS Wayfair decision, internet sales		
	April 11, 2019	Sales Tax Code review for casual and isolated sales		

**2.06.070 Standing committees.**

Standing committees of the city council will be code review, finance and budget, and public outreach. These committees will be advisory to the city council in their respective duties. Duties and composition for each committee will be as follows, and each chairperson or designee will report regularly to the city council at their regular meetings:

A. Code review committee will include but not limited to two city council members, mayor, city manager and city clerk. Their duties will be:

1. To review city ordinances as assigned;
2. To recommend revisions, and submit to council for action;
3. May recommend ordinances to be assigned;
4. To announce ordinances to be reviewed to the city council and public;
5. Work cooperatively and be supported administratively by the city clerk, and with the approval of the mayor, may request other administrative or legal advice or assistance when appropriate.

B. Finance and budget committee will include but not limited to two city council members, mayor, city manager, finance director or their designees. The goal of this committee will be to:

1. Guide the city of Dillingham toward long-term financial stability and promote fiscal responsibility;
2. Create and formulate fiscal policies, policy statements, and develop plans to achieve long-term goals for the city;
3. Complete tasks as assigned by the city council.

C. Public outreach committee will include but not limited to two city council members, and mayor. Their duties will be to:

1. Conduct informal meetings on neutral grounds to hear what the residents concerns are and to answer questions;
2. Partition areas in the community to deal with issues in that given area;
3. Meetings will be held between the months of September to May and are to be advertised publicly for maximum attendance;
4. Be responsible for meeting follow-up to those in attendance. (Ord. 04-02 § 1, 2004.)



October 21, 2019

Dear Vendor,

As you know the environment is a delicate ecological system and plastic bags have a significant impact to the balance of that system. Research has shown that plastic bags are harmful to bodies of water, and endanger wildlife. Additionally, plastic bags are toxic and take hundreds of years to decompose. With that in mind the City Council has tasked the Code Review Committee to contemplate what can be done to promote the reduction of plastic bag usage within the city. The Committee will be composing legislation for City Council to adopt in the coming year.

Prior to that process the Committee would to hear from local vendors who would be affected by any legislation changing how the municipal code manages plastic bag usage. The City is aware of the potential challenging nature this type of transformation may incur at the beginning of such a change. However, we believe in the long run the good that will be realized from a reduction in plastics outweighs the inconvenience that may be experienced during a transition period.

I'm holding a meeting at 10:00 a.m. on October 30, 2019 to begin a conversation regarding plastic bag usage in Dillingham. This will be held at city hall in the council chambers. I encourage you to attend, voice your concerns, and bring your ideas and recommendations as we begin to discuss this ecologically important issue.

If you have any questions you can contact the City Clerk's office at 907-842-5212 or by email at [cityclerk@dillinghamak.us](mailto:cityclerk@dillinghamak.us).

Sincerely,

Tod Larson  
City Manager

**Mayor**  
Alice Ruby

**Manager**  
Tod Larson



**Dillingham City Council**  
Chris Napoli  
Bill Rodawalt  
Aksel Buholm  
Curt Armstrong  
Andy Anderson  
Gregg Marxmiller

## MEMORANDUM

**Date:** October 30, 2019  
**To:** Tod Larson, City Manager  
**From:** Lori Goodell, City Clerk  
**Subject:** Plastic Bag Use Meeting Report

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The City held a public meeting to discuss the use of plastic bags in Dillingham. There were nine citizens in attendance. All who attended contributed to the discussion. The attendees were excited about this topic and all agree plastic bag usage needs to be addressed. There is a summary of comments follows:

- Plastic bags are not just a local issue, but a global concern, and a solution is needed.
- As the Salmon Capital of the world we should be on the forefront of this issue.
- As the process goes forward public notice needs to be widespread and inclusive across Dillingham.
- Vendors are aware of the issue and can work with the city towards changes in 2020.
- A definition of 'plastic bag' will be critical to the process. Don't define too broad or too tight. Decomposable bags break into smaller parts but do not really decompose.
- What are other alternatives to plastic? Could reusable bags be supplied for free for a short while during a transition period?
- Be aware of, and stay open to new technologies.
- Who is responsible for instigating change; citizens or local government?
- Consideration of cost for plastic vs reusable bags. \$1.25 for paper, \$3.00 for reusable, 0.044 for plastic.
- A phased in over time approach with a defined timeline is recommended to facilitate vendors implementation of changes in policy.

Other related concerns brought up: issues at the Landfill, other plastics i.e., straws and Styrofoam.

Attached to this report is a list of those that attended the meeting today.



Karen Brito votes – no more plastic grocery bags available in Dillingham:

**Pros:**

Fewer plastic bags decorating our trees and yards  
Savings for vendors – cost to supply bags is high and many times double bags are required – this cost is passed on  
Folks will begin to think about recycling, repurposing and reusing  
Less plastic in our environment, our planet and kids will benefit

**Cons:**

Vendors have inventory of previously purchased bags  
Customers need to find other means to carry out purchases

**Solutions:**

Give a future timeline and begin PSA to notify community of change  
Vendors begin to charge ten cents per plastic bag used with a stop date based on when they are likely to use up plastic bag inventory. (twenty cents for double bags)  
Vendors get a supply of paper bags and recyclable bags to sell  
Optional - Vendors begin to give back 5 cents per customer’s bag used at their store (N&N already offers this option)  
Vendors offer reusable and paper bags available for purchase, offer recycled boxes for larger purchases and out of town customers  
Customers get accustomed to bringing containers to take purchases home.

**Elimination:**

All plastic grocery bags at the checkout counter

**Implementation:**

ASAP  
Time needed to promote,  
Additional time to have it go through City Council  
Do we need to vote on it or can it become a City Ordinance?  
Time for vendors to advertise and get new supplies  
Implement by April 2020?

- 32) Business agreed w/ ban - Concerned w/ cost of paper/reuseables
  - ↳ \$1.25 / paper
  - ↳ \$3 reuseable
  - Try to use boxes
  - ↳ plastic bags case of 500 for \$22
- 33) Styrofoam is also an issue.
  - ↳ Use mason jars, own straws as an alternative
- 34) Highly decomposable plastics do not really decompose and we actually ingest small parts.
- 35) Important to define what is "plastic"
- 36) Can - Reuse plastic bags for garbage now - heavy duty bags replace - potential issue that could occur as a result - unintended consequence.
- 37) Advertise better in the future to encourage participation.
- 38) Some were shocked by FB Post.
  - ↳ Use KDLG more
  - Blurbs by Tol has been great for getting word out
- 39) FOL - Nov. 22 - would like an update.

- 2) Phase in over time.
- 3) Cost of plastic vs. reuseables
- 4) S/B Community effort not driven by government
- 5) Reuseables are made of plastic, but hold up to 50 lb
  - ↳ Hold wallet, compartments for bottles, etc.
  - ↳ Purchased @ FM for \$8
  - ↳ Passed around examples of bags of various age
  - ↳ Washable
- 6) Need for Solutions.
  - ↳ Invitation to join F.O.L.
- 7) Citizen came up with issue; City operating exactly as it should by seeking public comment.
- 8) Garbage pit of plastic in the ocean - challenge globally.
- 9) Bristol Bay - Salmon Capital - makes sense for us to be on the forefront of the issue.
- 10) Animals dying from ingesting plastics.
- 31) Not a quick solution - positive step to help environment.

- 1) Why is this being brought up?
- 2) Constraining Commerce.
- 3) Notification through Facebook was the best way to roll this out.
- 4) Plastic bags are issue - we need a solution.
- 5) Excited issue is coming up - provided notes
- 6) <sup>Pros:</sup> Savings for vendors - costs are passed on; Recycling/Reuse; less plastic in environment
- 7) <sup>Cons:</sup> Cost, inventory, other means to carry
- 8) Need timeline, program details - how it would work - Options for customers from vendors.
- 9) Wants all plastic bags gone from check out counter.
- 10) Highly supports banning plastic bags.

- 1) Vendors have been preparing - can work change in 2020.
- 2) Don't define plastic bags too broadly (e.g. bio-bags).
- 3) Look to other communities for solutions/alternatives to plastic bags.
- 4) Stay open to new technologies.
- 5) Uses reuseable bags now - in favor of the ban
- 6) Reuses "bling" bags for shopping.
- 7) Provide reuseable bags for free for a specified amount of time to get people used to using them - not of funding source. Stores might be willing to support.
- 8) We all have responsibility for the issue.
- 9) Causes issues at our Landfill.
- 20) Define the alternatives.
- 21) Need to discuss how we handle trash in general - Friends of the Landfill.

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Introduced By: Parker, Murphy  
Date: March 28, 2018  
Public Hearing: April 11, 2018  
Action: Enacted  
Vote: 4 Yes, 1 No

CITY OF SOLDOTNA  
ORDINANCE 2018-013

AN ORDINANCE AMENDING SOLDOTNA MUNICIPAL CODE TITLE 8 – HEALTH AND SAFETY TO  
ESTABLISH A NEW CHAPTER 8.06 – DISPOSABLE PLASTIC SHOPPING BAGS

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WHEREAS, the use of single-use-carry-out disposable plastic shopping bags in the City of Soldotna (City) burdens the environment, endangers wildlife, and has been shown to be harmful to bodies of water and problematic for solid waste management; and

WHEREAS, to decrease the number of littered disposable plastic shopping bags in the City, it is necessary to restrict general use; and

WHEREAS, it is in the best interest of the health, safety and welfare of all residents to restrict the use of single-use disposable plastic shopping bags; and

WHEREAS, plastic carry out bags do not biodegrade, create problematic environmental issues and frequently escape from trash containers and landfills creating a burden on residents and the City for clean-up;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SOLDOTNA, ALASKA:

Section 1. Soldotna Municipal Code Title 8 is hereby amended by the addition of a new Chapter 8.06, Disposable Plastic Shopping Bags, to read as follows:

**Chapter 8.06 – DISPOSABLE PLASTIC SHOPPING BAGS**

Sections:

- 8.06.010 Purpose
- 8.06.020 Definitions
- 8.06.030 Single-Use Plastic Disposable Shopping Bag Prohibited

**8.06.010 Purpose**

The purpose of this chapter is to reduce the generation of waste from single-use plastic disposable shopping bags.

**8.06.020 Definitions**

Any word, term, or phrase not defined in this section shall have its ordinary and common meaning. The following words, terms, and phrases, when used in this chapter, shall have the meanings ascribed to them in this section:

"Affected Establishment" means any retail or commercial business facility located inside the City of Soldotna that sells goods or prepared food directly to consumers including but not limited to grocery stores, pharmacies, retail stores, and restaurants.

"Single-Use Plastic Disposable Shopping Bag" means a bag made from any plastic (including plastics marked or labeled as "biodegradable "or "compostable") or any material not marked or labeled as "biodegradable "or "compostable" that is neither intended nor suitable for continuous reuse and that is less than 2.25 mils thick, designed to carry customer purchases from the seller's premises, except for: bags used by

customers inside stores to package bulk items such as fruit, vegetables, nuts, grains, candy, or small hardware items, such as nails and bolts; bags used to contain dampness or leaks from items such as frozen foods, meat, or fish, flowers or potted plants; bags used to protect prepared foods or bakery goods; bags provided by pharmacists to contain prescription drugs; newspaper bags, laundry, or dry cleaning bags; or bags sold for consumer use off the seller's premises for such purposes as the collection and disposal of garbage, pet waste, or yard waste.

**8.06.030 Single-Use Plastic Disposable Shopping Bag Prohibited**

- A. No affected establishment may provide to any customer a single-use plastic disposable shopping bag for the purpose of carrying away goods from the point of sale.
- B. No person may distribute single-use plastic disposable shopping bags at any city facility or any event held on city property.
- C. Any violation of this chapter shall be considered a minor offense punishable as provided in SMC 1.08.080.

Section 2. That SMC 1.05.080 Minor Offence Fine schedule is hereby amended to include the following offenses and fines:

Soldotna Municipal Code Reference	Offense	Fine
08.06.030	Distribution of single use, plastic disposable shopping bags.	\$300

Section 3. This ordinance shall become effective November 1, 2018.

ENACTED BY THE CITY COUNCIL THIS 11TH DAY OF APRIL, 2018.

\_\_\_\_\_  
Nels Anderson, Mayor

ATTEST:

\_\_\_\_\_  
Michelle M. Saner, MMC, City Clerk

Yes: Cashman, Murphy, Parker, Cox  
No: Whitney

**TO:** Mayor Anderson and Members of the City Council  
**FROM:** Lisa Parker, Council Member and Linda Murphy, Vice Mayor  
**DATE:** March 28, 2018  
**SUBJECT:** Ordinance 2018-013 - Amending Soldotna Municipal Code Title 8 – Health and Safety to Establish a New Chapter 8.06 – Disposable Plastic Shopping Bags

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Over the past few years Soldotna has significantly improved the aesthetics of our community, including improvements to signs, upgrades to city parks and the addition of more festivities for the enjoyment of residents and visitors alike.

Recently, the Gganit̓chit Dena'ina Youth Council sent an invitation to come to the viewing of the documentary "Bag It", discussing the effect plastic has on our waterways, oceans, and bodies. Based on the request from the Youth Council and Soldotna residents, Vice Mayor Murphy and I request you support the introduction of Ordinance 2018-013 – Disposable Plastic Shopping Bags.

The proposed ordinance was adapted from the ordinance enacted by the City of Wasilla. Unlike many ordinances that are effective immediately, the proposed ordinance has an effective date of November 1, 2018 giving businesses the opportunity to make the transition.

While there are countless reasons for cutting down on the number of plastic bags, some primary reasons for elimination include:

1. They are unsightly – how often do we see the bags blowing across the road, in a parking lot or floating down the Kenai River.
2. They are bad for wildlife – plastic bags can choke or poison birds, fish and animals. Particularly vulnerable are marine life, like our Cook Inlet Beluga Whales.
3. They take years to decompose.

The City Manager and I have had the opportunity to visit with some of the local businesses to discuss the ordinance. While there has been no outright opposition, businesses have requested the ordinance not take effect immediately, giving them and their staff time to inform shoppers of the upcoming change. Additionally, we've discussed working with the Soldotna Chamber of Commerce to deliver the message.

**Informational:**

City of Hopper Bay currently has a plastic bag ban in effect.

City of Bethel in 2012 enacted a law that requires all plastic bags be biodegradable. The biodegradable capabilities vary from each biodegradable bag type and some do not biodegrade in the Alaska climate.

City of Homer enacted a law banning plastic bags in August of 2012, with an effective date of January 1, 2013. In February of 2013 a citizen's referendum was filed and in October of 2013 the voters of the City of Homer repealed the plastic bag ban.

City of Wasilla enacted a law banning plastic bags in January of 2018, with an effective date of July 1, 2018.



CITY OF UNALASKA  
UNALASKA, ALASKA

ORDINANCE 2018-09

AN ORDINANCE OF THE UNALASKA CITY COUNCIL AMENDING CHAPTER 11.16 TO PROHIBIT THE DISTRIBUTION OF DISPOSABLE PLASTIC SHOPPING BAGS AND AMENDING CHAPTER 1.24.040 TO ADD A PENALTY TO THE MINOR OFFENSE ORDINANCE FOR THE UNLAWFUL DISTRIBUTION OF PLASTIC SHOPPING BAGS

WHEREAS, disposable plastic shopping bags burden the City's solid waste disposal facility, sewer and natural drainage systems, and degrade the environment; and

WHEREAS, it is in the best interest of the City of Unalaska and its residents to reduce the use of disposable plastic shopping bags;

BE IT ENACTED by the City Council of the City of Unalaska, as follows:

**Section 1: Form.** This is a Code ordinance.

**Section 2: Amendment of UCO §11.16.** Chapter 11.16 Litter; Sanitation Measures of the Unalaska Code of Ordinances is hereby amended by the addition of a new Section 11.16.040 to read as follows:

**11.16.40 Disposable Plastic Shopping Bags.**

(A) Sellers are prohibited from distributing disposable plastic shopping bags to buyers.

(B) As used in this section:

(1) "Buyer" means a person who is a purchaser of goods or services;

(2) "Disposable plastic shopping bag" means a bag made from plastic, including plastic marketed or labeled as "biodegradable" or "compostable", that is not suitable for repeated reuse if made of or containing plastic that is less than .004" (4 mils) thick, is unable to be cleaned and disinfected regularly, and is designed to carry buyer purchases from a seller's premises. "Disposable plastic shopping bag" does not include bags used by buyers inside stores to package bulk items such as fruit, vegetables, nuts, grains, candy, or small hardware items, such as washers and bolts; bags used to contain dampness or leaks from items such as frozen foods, meat or fish, flowers or potted plants; bags used to protect prepared foods or bakery goods; bags provided by pharmacists to contain prescription drugs; laundry or dry cleaning bags; bags sold for buyer's use off a seller's premises for such purposes as the collection and disposal of garbage, pet waste, or yard waste, or newspaper bags;

(3) "Seller" means every entity or person, whether acting as principal, agent, broker, or lessor, making sales at retail or rental of property to a consumer and who is required and responsible to collect and remit sales taxes levied by the City of Unalaska.

(C) Any person or entity violating this section is guilty of a minor offense and shall be subject to a penalty of \$100 per violation.

**Section 3: Amendment of UCO §1.24.040.** Section 1.24.040 of the Unalaska Code of Ordinances is hereby amended to read as follows: [new language is underlined]:

Code Section	Offense Description	Fine Amount
<u>11.16.040(A)</u>	<u>Unlawful distribution of plastic shopping bags</u>	<u>100</u>

**Section 4: Effective Date:** This ordinance shall be effective as of January 1, 2019.

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on August 14, 2018.

\_\_\_\_\_  
Dennis M. Robinson  
Vice Mayor

ATTEST:

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Marjie Veeder  
City Clerk

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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: Erin Reinders, Assistant City Manager  
Through: Thomas Thomas, City Manager  
Date: July 24, 2018  
Re: Ordinance 2018-09, an Ordinance of the Unalaska City Council Amending Chapter 11.16 to Prohibit the Distribution of Disposable Plastic Shopping Bags and Amending Chapter 1.24.040 to Add a Penalty to the Minor Offense Ordinance for the Unlawful Distribution of Plastic Shopping Bags

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**SUMMARY:** Ordinance 2018-09 banning the distribution of plastic shopping bags was created at the direction of City Council and supported during the work session on July 10, 2018. Staff recommends approval of Ordinance 2018-09.

**PREVIOUS COUNCIL ACTION:** Members of the Unalaska Community Task Force to Ban Single-Use Plastics shared a presentation on single use plastics with City Council at the April 10, 2018 Council meeting. At the end of the meeting, the City Council directed the City Manager to move toward developing an ordinance banning the use of plastic grocery bags.

The draft ordinance banning the distribution of plastic grocery bags was discussed at the July 10, 2018 work session. All member of the public choosing to speak spoke in favor of the ordinance. Several members of the public encouraged City Council to expand the ordinance to other single use items, such as straws. All members of council spoke in favor of the ordinance, some also noting that this should be expanded to include other plastics and even a recycling program in the future.

**BACKGROUND:** The City Manager and Assistant City Manager met with members of the Unalaska Community Task Force to Ban Single-Use Plastics to discuss ways to address reducing the use of plastic grocery bags.

The City Manager and Assistant City Manager then met with Safeway's store manager to discuss potential local implications of a plastic grocery bag ban. The conversation mainly focused on the increased need for storage and shipping space associated with paper bags if they replaced plastic bags, bag for bag.

Staff had a follow up teleconference with Safeway's Director of Public and Government Affairs in Seattle, Sara Osborne. The discussion focused on what Safeway has done in other communities that banned the distribution of single use plastic grocery bags. The primary example was a reusable bag give away for a limited time to help with the transition away from single use plastic grocery bags. Although City Staff requested follow up figures and program statistics from Safeway, no additional details have been provided to date.

Wishing to keep this issue moving forward, the City Manager requested City Attorney's office to develop an ordinance banning the distribution of plastic shopping grocery bags.

**DISCUSSION:** The City Attorney's office has prepared an ordinance that amends Titles 11 and 1 of City Code to prohibit sellers from distributing disposable plastic shopping bags. The ordinance also defines seller, buyer and disposable plastic shopping bags for future clarification. The ordinance defines a violation as a minor offense and sets the fine at \$100 for each violation. As written, the ordinance would become effective on January 1, 2019.

The ordinance has been updated since the July 10, 2018 meeting discussion in order to correct the thickness measurement and to have a title more representative of the action taken.

**FINANCIAL IMPLICATIONS:** Implementing this ordinance results in no significant financial impact to the City of Unalaska.

**LEGAL:** The City Attorney prepared the ordinance.

**STAFF RECOMMENDATION:** Staff recommends approval of Ordinance 2018-09.

**PROPOSED MOTION:** I move to approve Ordinance 2018-09 and schedule it for second reading and public hearing on August 14, 2018.

**CITY MANAGER'S COMMENTS:** The City Manager recommends Council approve this ordinance.

**ATTACHMENT:** Ordinance 2018-09 amending Chapter 11.16 and Chapter 1.24.040.

# Carrier bag charge guidance

The retail guidance is designed to provide a readable summary of the requirements of the Regulations.

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## Key Information

Since October 2014 single use carrier bags can no longer be given away free of charge when people buy goods. Single use carrier bags can be made from plastic, paper or some types of plant based material, with a full definition under the Regulations provided in Section 2.

The requirement to charge does not apply to some single use carrier bags. Details on which bags are exempt from the requirement to charge can be found in Section 3.

The Regulations do not fix the amount you, as a retailer, must charge for a bag but rather require a minimum price of 5p per bag is charged. Further information on the obligation to charge can be found in Section 4.

If you employ 10 or more FTE (Full Time Equivalent) staff then you have an obligation to keep, retain and produce information relating to the amount of single use carrier bags you supply and the money received as a result of charging for these bags. Further information on this requirement can be found in Section 5.

Failure to fulfil the relevant requirements under these Regulations would constitute an offence. Local authorities are the enforcement authorities for the purpose of these Regulations. Further information on what would be considered a breach of the Regulations can be found in Section 7.

The Scottish Government is encouraging retailers to donate the proceeds from this charge to good causes in Scotland, particularly environmental good causes. All retailers can sign up to the Carrier Bag Commitment, committing to donate proceeds to good causes and publish information. Further information can be found in the Carrier Bag Commitment Guide.

## What is a single use carry bag?

The term 'single use carrier bag' is defined broadly in the Regulations to encompass all carrier bags that are supplied with the intention that they are to be used once, to carry goods away from the point of sale.

For bags made wholly or mainly from plastic then the bag is considered to be a single use carrier bag if either of the following apply:

1. Made of thin plastic (any part of the bag has a thickness of no more than 49 microns); or
2. Less than 439mm x 404mm when laid flat (excluding the handles).

Other plastic bags, bags made wholly or mainly from paper, plant based material (other than cotton, flax, hemp, jute or sisal) or natural starch are also seen as single use carrier bags, unless the bag is a multi-use bag which is:

1. Purchased by the customer;
2. Returnable to the retailer from whom it was purchased to be replaced free of charge when it is worn out;
3. Clearly marked that it can be returned and replaced in this way;
4. Certain small bags (specified in the Section 3) are never seen as single use carrier bags and can therefore always be provided free of charge.

The Regulations do not apply to other types of product that might be used to carry or package goods such as boxes, buckets, sealed plastic packaging or envelopes.

[Which bags are exempt from the requirement to charge?](#)

The Regulations specify a number of exemptions where there is no requirement to charge for carrier bags.

Bags of any size used solely to contain exempted items listed in the Regulations:

1. Unpackaged food for human or animal consumption, such as loose fruit and vegetables, bakery items, pick and mix sweets and dry animal food.
2. Unpackaged loose seeds, bulbs, corms or rhizomes, such as grass seeds, daffodil bulbs or root ginger.
3. Any unpackaged axe, knife, knife blade or razor blades, such as a kitchen knife which is mounted on cardboard but not then enclosed in wrapping.
4. Unpackaged goods contaminated by soil, such as soil, compost, potted plants, fishing bait and wormery worms.
5. Certain medicinal products, such as fulfilling prescription requests and pharmacy medication which can only be dispensed by a qualified pharmacist.

Please be aware that the above exemptions are only valid where the bag provided is used solely to contain one or more of these listed items.

It is the responsibility of the seller to ensure that bags are used to solely contain the items above. This can be achieved by only providing bags of a size suitable for containing items on the list.

'Unpackaged' for the purpose of the Regulations refers to items which are "wholly or partially unwrapped" such as chips from quick service restaurants or food supplied in containers which are not secure enough to prevent fluid leaking during normal handling.

**1. Bags of a certain size used solely to contain packaged uncooked meat, poultry and fish:**

As well as the above exemption on unpackaged foods, there is no obligation to charge if the bag is used solely to contain packaged uncooked fish or fish products, packaged uncooked meat or meat products or packaged uncooked poultry or poultry products. This exemption only applies where the bag is less than 206mm (width) x 459mm (height including handles) with a maximum gusset of 125mm.

## **2. Small bags that can always be supplied free of charge:**

Small paper bags, no greater than 175mm x 260mm, without a handle and/or a gusset. These types of bags are generally used for small items such as greeting cards. Small paper bags, no greater than 155mm x 80mm, without a handle but with a gusset of no more than 50mm. These types of bags are generally used for pick and mix confectionary or in pharmacies for non-prescription medicines. Small flat plastic bags, no greater than 125mm x 125mm, without a handle. These types of bags are usually used for small hardware or haberdashery items such as screws or buttons.

## **3. Certain specialist bags are also exempted from the requirement to charge:**

Mail order dispatch or courier bags for the delivery of goods. Bags used for the transport of live aquatic creatures. Liners used to cover boxes, crates or other containers of a similar nature.

## **4. Bags of any size used to contain items purchased in airports and on board vehicles, vessels and aircraft:**

There is no obligation to charge for supplying single use carrier bags on board ships, trains, aircraft, coaches or buses. This bag does not have to be used solely to contain purchases made on board the vehicle.

There is no obligation to charge for supplying single use carrier bags in restricted areas in airports, including duty free shops and other airside retail outlets.

### [When do you have an obligation to charge?](#)

The Regulations do not specify the amount you must charge for a single use carrier bag. Instead it is required that a MINIMUM of 5p per bag is charged and that you are then free to charge any amount above this should you wish.

The minimum charge includes any VAT on the amount paid for the bag.

Two situations require a charge to be levied for single use carrier bags:

Where a new bag is supplied at the place in Scotland where the goods are sold, for the purpose of enabling goods sold to be taken away. Where a new bag is supplied for the purpose of enabling the goods sold to be delivered to any person.

An obligation to charge applies to the supply of single use carrier bags where a bag is used or allowed to be used for the purpose of allowing goods to be taken away or delivered.

You and your staff must take all reasonable precautions and exercise all due diligence to prevent a violation of the requirement to charge. This includes making arrangements to avoid bags being taken by honest mistake or theft e.g. from self-checkout facilities. See Section 7 for examples of the type of actions your business is expected to take to fulfil this requirement.

Where the goods you sell are supplied to the customer by a 3rd party acting on your behalf, the obligation to charge remains with your business if these goods are provided in a single use carrier bag.

Only new single use carrier bags are subject to the charge, so if your business chooses to reuse single use carrier bags that have previously been used then there is no obligation to charge for them. The intention here is to exclude carrier bags where the charge has previously been paid.

The point at which “goods are sold, for the purpose of enabling goods to be taken away” does not necessarily have to occur immediately after the financial transaction has taken place. It is any situation where a bag is supplied to enable someone other than someone within your business to remove goods from the location at which they were sold e.g. click and collect services.

In the situation where a customer makes a purchase, places the purchased item into one of their own bags and then asks for a single use carrier bag to carry items that have been displaced from this other bag then the requirement to charge would still be applied. This is because the need for this bag is directly related to the purchase of goods from you.

If a customer has not purchased goods from your business then there is no requirement to charge for a bag, for example distributing free promotional materials, literature or when providing a service e.g. collecting clothes that have been repaired or cleaned. This does not include providing or giving access to single use carrier bags free of charge for no reason, as it is presumed that the intention of this bag is for use of removing purchased goods.

For distance selling or when arranging delivery of goods, customers should be given the option to accept or decline using carrier bags. This is to encourage a reduction in the number of bags used e.g. using reusable crates instead of bags or where only a few items are ordered not requiring anything additional to carry them. Where multiple items are ordered, such as grocery deliveries, we are aware that some retailers may decide to charge for an average number of bags per delivery where a customer has chosen a delivery with bags having been given the option of a bag-less delivery. The Scottish Government considers that retailers using this approach should be able to show that

they have taken all reasonable precautions and exercised all due diligence to comply with the requirement to charge for single use carrier bags.

The Regulations only apply to goods sold (and put into bags) in Scotland. Therefore, goods supplied from a store in Scotland for delivery to an address in England will be subject to the requirement to charge. Goods supplied from a store in England for delivery to an address in Scotland would not be subject to the Scottish Regulations but you should refer to the English Regulations introduced in October 2015.

Single Use Carrier Bags provided for purposes other than to enable a customer to carry purchased items away or to enable the delivery of purchased items are NOT subject to the obligation to charge. For example, a bag used to “re-seal” an item where the original packaging has been damaged would not be subject to the charge as the bag is providing the function of primary packaging.

#### [Use of net proceeds](#)

The Regulations do not impose any obligation on how the net proceeds of the charge should be used; the decision on how to use this money is one for individual businesses to make. The Scottish Government is encouraging retailers to donate the net proceeds of the charge to good causes in Scotland, particularly ones that benefit the environment, and to publish information on donations.

The Carrier Bag Commitment has been developed in partnership with the retail sector and is administered by Zero Waste Scotland. The Commitment provides guiding principles on how the net proceeds should be used and publication of records. Retailers can sign up on the dedicated Carrier Bag Commitment website.

The Scottish Government expects that retailers will sign up to the commitment and donate net proceeds to good causes within the terms of the agreement without the need for regulation but will keep this situation under review.

*5/31/2019 Email from Scott Armstrong, Recycling Manager, Glasgow*

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## Ban Plastic Bags.

By Kevin Lau

So the reason I want plastic bags banned is so we can keep our ecosystem the way it is. I don't want fishy's dying. I don't eat them but I like to keep them safe. Turtles think plastics bags are jelly fish. I like turtles. When the sea animals eat the plastic they wont be hungry after they eat a lot of it, Then the sea animals die of hunger.

I wouldn't like it if I was sea animal and have Over trillions of plastic in the ocean. We all share it. 73% of beach litter is world wide from my worst enemy PLASTIC. I wouldn't burn the plastic Because it would pollute the air.

I don't like it when fishies eat plastic. Because they die. The plastic will double by 2034. Please Ban the plastic bags. I superly hate plastic bags. I really want to know where they come from. So I can tell the peoples in the factories to shut down their factory when I'm older.

My sentence, "BAN PLASTIC BAGS." Do it so sea animals don't suffer from plastic. A lot of fish are still dying today because of plastic. So please ban plastic bags. I'm sure other states will ban plastic bag,. Then the plastic wouldn't double so much.

## The plastic bag ban

By Jordan Mann

I think a plastic bag ban would be good for Dillingham.

The reason why I want a plastic bag ban is the water is our way of life. And my family likes to swim and fish.

I also see people eat fish. I also see a lot of people fishing and people depend on money from fishing.

Marine animals are dying from plastic. The marine animals are eating the plastic and is getting stuck in their stomach.

I think a plastic bag ban would be good for Bristol Bay and marine animals.

# Plastic Bag Ban

by Nova Chaney

## Opinion

Dillingham is a good place, but plastic bags are ruining Dillingham's environment. Animals are dying because of plastic bags.

We are a subsistence community. Every year my family relies on fish, moose, and berries. If they are gone it would be bad for the community.

Animals are dying because of plastic. They eat it so it gets stuck in their stomachs. Seabirds think plastic is food and feed it to their babies. Whales keep washing up on shores.

I am for the plastic bag ban and that would help the animals live healthy and not get sick or die.

# Plastic Bag Ban

By: Tru Cavanaugh

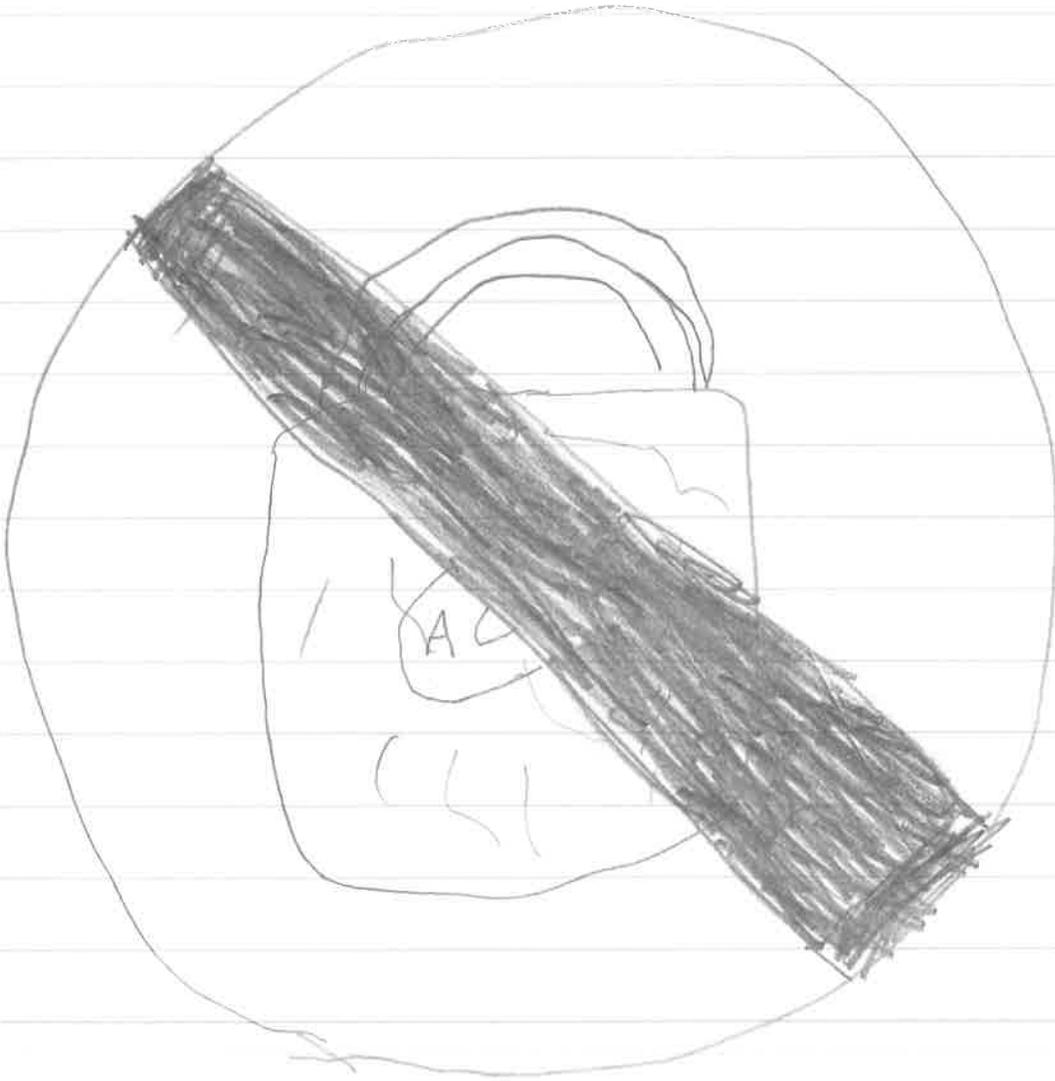
I think that a plastic bag ban would be great for the community.

If we had a plastic bag ban, fish and whales wouldn't be dying. 100,000 marine mammals and turtles and 1 million sea birds die annually from eating plastics.

Anchorage has a plastic bag ban so we should have one too. Plastic is everywhere. The plastic is killing everything.

We are a subsistence community. My family picks berries and fish every year. If we eat fish that eats plastic we'll be getting the chemicals from the plastic.

I'm for the plastic bag ban.



PLASTIC

BAG BAN

By GUS FONKERT

# Plastic Bag Ban

By Gus Fonkert

It would be very nice to have a plastic bag ban because plastic bags take like five months to decompose and a paper bag doesn't take very long to decompose. Bristol Bay has lots of sea life that probably eats plastic and salmon, for example they eat all the micro plastics they can eat, then we eat them and we have plastic in us.

My reasons are a Yupik value is to have respect for the land and its resources. Plastic bags are cheap but it wouldn't hurt to spend 1.99 on a reusable bag or a paper bag. We are having a mass extinction all around the world, animals like sea turtles see plastic bags and they are like "oh there's a jellyfish" and they eat it.

How I know that is a fact is when I went to the Mall of America we saw this sign in the aquarium and there was a sign that said sea turtles eat a type of jellyfish called a plastic bag jellyfish and they look like plastic bags. When sea turtles see a real plastic bag they eat it and then they die. And one other reason is that there are so many other cities that have a plastic bag ban. Why can't we be like them? Every day at least eight million pieces of trash find their way into the ocean.

And that is why I am for a plastic bag ban. And it will help save the salmon

# Plastic Bag Ban

By August Reigh

Everywhere plastic is found on the ground and in the ocean. I think Dillingham should have a plastic ban.

Banning plastic will save the environment almost everywhere. I know that because plastic is everywhere you go.

Every day eight million pieces of plastic enters the ocean. Plastic consistently makes up sixty percent to ninety percent of all marine debris.

Qigcikuluku nunamta atullerkaa is the Yupik value for May. It says have respect for your land and its resources. Plastic is not respecting the land and resources because it kills the fish, birds, and marine mammals.

A plastic bag ban would make Dillingham a better community. So before you know it so many other cities and towns will have plastic bag bans, then the world.

# Dillingham Plastic Bag Ban

By Chelsie Kropoff

One day I was walking on the beach in Ekuk and found a dead seal. I am for the plastic bag ban because plastic is killing the marine life. With the ban we would help the community by protecting the environment.

Plastic bags are polluting the ocean, every day approximately eight million pieces of plastic are finding their way into the ocean. Once it's in the ocean, fish start to eat the plastic and get sick. More than one million sea birds are killed by marine plastic pollution. Plastic can now be found on every beach in the world.

Some places in Alaska already did a plastic bag ban. Anchorage was for the ban so why shouldn't we? We can be an example for the other places in Bristol Bay.

All of the pollution has to stop, so therefore we should go forward with the ban.

# Dillingham Plastic Bag Ban

## By Katelyn Kolbe

Whales are dying from all types of plastics. Plastic bags look exactly like jellyfish. That's why I'm for the Dillingham plastic bag ban.

You can find micro plastics everywhere. There is plastic washing up on shore, and the animals are eating the plastics. In our school we have a sign that says, "water is our way of life".

In some places of the world there is already a plastic bag ban. In Anchorage every store I went to they gave us paper bags. They say a plastic bag is used 12 minutes averaged, but actually there used sometimes for 24 hours. At my house sometimes we don't put our groceries away until like two days later.

73% of the beach litter worldwide is plastic. Most of the litter is cigarette butts, plastic bottles/caps, food wrappers, and plastic bags. At the harbor if you go down the trail there is lots of plastic bottles and wrappers.

That's why I think the plastic bag ban would be good for Dillingham. So I am for the plastic bag ban.

# Dillingham Plastic Bag Ban

By: Kahlia Savo

Dillingham is surrounded by ocean, and plastic. We rely on the water and water animals. Our world is full of plastics. It's used good, but mostly bad. It's killing animals. I agree with the Plastic Bag Ban, and this is why...

Every day about 8 million pieces of plastic make their way into our oceans. In my opinion, I don't know how 8 million pieces of plastic can even be used in one day! But it's true. There is almost 5.25 trillion macro and micro plastic pieces floating in almost every ocean, weighing up to 269,000 tons.

A lot of animals are being found dead with (some of) their gizzards and stomachs FULL of plastic. like whales, birds, seals and a couple more species too. With one about 5 pounds of plastic was found in it. This is a very painful death for ALL of them. 100,000 marine mammals and turtles and about 1 million sea birds are killed by plastic annually.

I don't mind paying 10cents to 1\$ for paper bags. In my opinion I think we should ban most plastic in Dillingham. That is why I'm for the Dillingham Plastic Bag Ban.

# Plastic Bag Ban.

By: Henry stelling

**Plastics are killing animals. Birds are eating the plastics and dying and feeding them to** their babies. Plastics are killing more than 1.1 million seabirds and animals every year. I'm for the plastic bag ban.

Plastics are getting into the oceans. One day wen I was 7 years old and me and my family went fishing and I fished out a plastic bag. That plastic takes a really long time to decompose. The average time that a plastic bag is used for is 12 minutes.

I think a plastic bag ban would be good for Alaska.

# Plastic Bag Ban

By Myra Davis

I think we need to ban plastic because plastic is killing more than one million animals in a week. There is a lot of plastic on Kanakanak beach. Water is what we need in life.

People are seeing plastic on the beach and in the water. Fish, birds and everything that eats fish and birds are dying because there is plastic in the ocean. Subsistence and commercial fishermen depend on the fish.

Dillingham has a lot of plastic all over. Animals that live in the water can eat the plastic that gets in the water and then the fish eat it and we eat there is so many chemicals in plastic. Plastic may get in the tundra and the moose will eat the plastic so we won't have fresh food.

# Plastic Bag Ban

by Jens Fonkert

I think that plastic bags should be banned because they take a long time to decompose and they kill millions of sea life. Do you want all of are fish to die? You will be super sad if there are no more fish in Dillingham.

Anchorage already has the plastic bag ban, why doesn't dillingham? we should have it too. We could use paper bags or boxes or reusable bags. When I was in Kona Hawaii at Walmart they would use reusable bags that had a map of Hawaii. you could also put your brand name And since They're reusable people will carry them

all over the place to carry supplies and it will be free advertising because people will see the bags and be like I want to go to that store they look awesome.” Then all that money will go to the stores and then they can expand and not sell plastic bags and part of the money that store produces can be used to help save marine mammals.

And some of that money can be used to make dillingham better But one problem is what will we do with garbage bags? Will we use huge paper bags covered in wax? if you think that we should keep plastic bags imagine all the marine animals you can save including fish, whales, sea birds, and you can save yourself by

doing this. Do you know how fish are eating plastic and were eating fish. The plastic chemicals in the fish will end up getting inside your stomach and hurting you. You don't want to see seals getting strangled by plastic bags also if plastic bags are banned you won't have to worry about kids getting suffocated in plastic bags. Reusable bags are also more durable than plastic bags also

I read in the Mall of America that there is a type of jellyfish called plastic bag jellyfish because turtles see plastic bags and think they're the actual jellyfish and eat them and die. If we ban them then that happening will be reduced and with more fish,

more people will be happy and we won't need to worry about plastic being in your fish,

Also they take tests in the snow and there's plastic in the snow and there's kids catching snowflakes on their tongues but are they actually eating plastic. You wouldn't want kids eating plastic!

By the year 2025 if we keep doing what we're doing there will be more plastic in the ocean than fish so I hope you guys want to ban plastic bags because it will affect a lot of things including humans, sea mammals, and seabirds.

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CITY OF DILLINGHAM, ALASKA

**RESOLUTION NO. 2019-35**

**A RESOLUTION OF THE DILLINGHAM CITY COUNCIL AUTHORIZING THE CITY OF DILLINGHAM TO JOIN THE ALASKA REMOTE SELLER SALES TAX COMMISSION FOR THE PURPOSE OF DEVELOPING, IMPLEMENTING, AND ENFORCING A REMOTE SELLERS SALES TAX CODE**

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WHEREAS, the inability to effectively collect sales tax on sales of property, products or services transferred or delivered into Alaska in response to orders placed electronically by consumers with remote sellers, is seriously eroding the sales tax base of communities, causing revenue losses and imminent harm to residents through the loss of critical funding for local public services and infrastructure; and

WHEREAS, the harm from the loss of revenue is especially serious in Alaska because the state has no broad-based tax, and sales tax revenues are essential in funding the provision of services by local governments; and

WHEREAS, the failure to collect tax on remote sales creates market distortions by creating tax shelters for businesses that limit their physical presence in the state or cities and boroughs but still sell their goods and services to their consumers, something that becomes easier and more prevalent as technology continues to advance; and

WHEREAS, , the structural advantages for remote sellers, including the absence of point-of-sale tax collection, along with the general growth of online retail, make clear that erosion of the sales tax base is and has been occurring and is a growing problem that is likely to only worsen in the near future; and

WHEREAS, remote sellers who make a substantial number of deliveries into or have large gross revenues from Alaska benefit extensively from the Alaska market, affecting the economy generally, as well as local infrastructure; and

WHEREAS, given modern computing and software options, it is neither unusually difficult nor burdensome for remote sellers to collect and remit sales taxes associated with sales into Alaska taxing jurisdictions; and

WHEREAS, the recent decision by the United States Supreme Court in *South Dakota v. Wayfair* allows for the amendment of the sales tax code to account for remote sellers who do not have a physical presence in either the state of Alaska or within the City of Dillingham, but do have a taxable connection with the state of Alaska and City of Dillingham; and

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

WHEREAS, in order to implement a single-level statewide sales tax administration, it is the intent of local taxing jurisdictions within Alaska to establish an intergovernmental entity known as the Alaska Remote Seller Sales Tax Commission (the "Commission"); and

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

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

WHEREAS, the uniform remote sales tax code will be presented to the Dillingham City Council for consideration once adopted by the Commission; and

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

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

WHEREAS, AS 29.35.010 (12) allows the Dillingham City Council to authorize membership in an organization that promotes legislation for the good of the municipality.

NOW, THEREFORE, BE IT RESOLVED the Dillingham City Council:

**Section 1. Authorization.** Authorizes the Manager to negotiate, execute, and submit all necessary documents to obtain and maintain membership in the Alaska Remote Seller Sales Tax Commission.

**Section 2. Representation.** Designates the Manager as the City of Dillingham representative on the Commission.

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

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

PASSED and ADOPTED by the Dillingham City Council on November 7, 2019.

\_\_\_\_\_  
Alice Ruby, Mayor

ATTEST:

[SEAL]

\_\_\_\_\_  
Lori Goodell, City Clerk

DRAFT

# Alaska Intergovernmental Remote Seller Sales Tax Agreement

FINAL DRAFT

October 11, 2019

## **Alaska Intergovernmental Remote Seller Sales Tax Agreement**

This Agreement is made and entered into by the signatories representing Alaska's cities and boroughs to enable them to implement single-level, statewide administration of remote sales tax collection and remittance. The provisions of the Agreement do not apply to administration and collection of sales taxes for the sales of goods and services originating from within the boundaries of a member municipality nor does this Agreement restrict how a member municipality administers and collects sales tax on such sales, nor on sales made by those retailers with a physical presence in the municipality. The authority to set rates and exemptions is maintained by the member municipality.

### **Article I. Background Principles.**

1. The signatories wish to enable local governments to benefit from opportunities for collection of existing sales tax on sales made by remote sellers. Remote sellers are sellers who sell, often through the internet, products or services in a taxing jurisdiction without having a physical presence in the taxing jurisdiction.
2. The collection of remote sales tax provides a level playing field for local businesses and strengthens the ability of local governments to provide public services and infrastructure.
3. The signatories are particularly mindful of the specific holding in, and implications of, the Supreme Court's *South Dakota v. Wayfair* decision, which provides guidance relative to nexus and the legal defensibility of a single-level statewide administration that reduces or removes potential burdens to interstate commerce.
4. Alaska's local governments have the authority to enter into intergovernmental agreements and applicable taxing authority has been delegated to organized boroughs and cities.
5. The signatories desire to establish an intergovernmental entity to enable cooperative centralized administration of sales tax collection, remittance, and enforcement on sales made by remote sellers.

### **Article II. Purpose.**

The purpose of this Agreement is to:

1. Enable cooperative centralized administration of sales tax collection, remittance, and enforcement on sales made by remote sellers using a single statewide intergovernmental entity;
2. Provide for and promote reasonable uniformity and compatibility in significant components of local sales tax levy and collection on sales made by remote sellers and marketplace facilitators in order to facilitate streamlined joint administration; and
3. Facilitate taxpayer and tax collector convenience and compliance in the filing of tax returns, the payment of tax, and in other phases of tax administration of sales made and services provided by remote sellers and marketplace facilitators.

### **Article III. Definitions.**

As used in this Agreement:

1. “Commission” means the Alaska Remote Seller Sales Tax Commission established pursuant to this Agreement.
2. “Local Government” means any home rule, first class, or second class borough, or any home rule, first class, or second class city, or unified municipality in Alaska.
3. “Member” means a Local Government signatory to this Agreement.
4. “Remote seller” means any corporation, partnership, firm, association, governmental unit or agency, or person acting as a business entity that sells property or products or performs services in the State of Alaska or a taxing municipality in the state, using the internet, mail order, or telephone, without having a physical presence in the state or taxing municipality.
5. “Sales tax” means a tax imposed with respect to the transfer for a consideration of ownership, possession, or custody of property or the rendering of services measured by the price of the property transferred or services provided.
6. “Marketplace facilitator” means a person that provides for sellers a platform to facilitate for consideration, regardless of whether deducted as fees from the transaction, the sale of the seller’s products or services (excluding lodging and rentals) 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:
    - i. Transmitting or otherwise communicating the offer or acceptance between the buyer and seller;
    - ii. Owning or operating the infrastructure, electronic or physical, or technology that brings buyers and sellers together;
    - iii. Providing a virtual currency that buyers are allowed or required to use to purchase products from the seller; or
    - iv. 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;
  - b. In any of the following activities with respect to the seller's products:
    - i. Payment processing services;

- ii. Fulfillment or storage services;
- iii. Listing products for sale;
- iv. Setting prices;
- v. Branding sales as those of the marketplace facilitator;
- vi. Order taking;
- vii. Advertising or promotion; or
- viii. Providing customer service or accepting or assisting with returns or exchanges.

#### **Article IV. The Commission.**

##### **1. Organization and Management.**

- a. The Alaska Remote Seller Sales Tax Commission (the “Commission”) is hereby established as an intergovernmental entity in the state of Alaska. It will be comprised of one designated representative from each Member, who shall have the authority to act on the Member’s behalf.
- b. Each Member will be entitled to one vote.
- c. To assist conducting business when the full Commission is not meeting, the Commission will annually elect a Board of Directors of seven members, including officers. The Board of Directors will act subject to the provisions of this Agreement and as provided in the bylaws of the Commission, as ratified by the members.
- d. No action will be binding unless approved by a majority of the Directors present at a meeting.
- e. The Commission will adopt an official logo.
- f. The Commission will hold an annual meeting rotating the location of the meeting each year, with telephonic participation provided for, in addition to scheduled regular meetings and special meetings as provided by its bylaws. Notices of special meetings must include the reasons for the meeting and the items to be considered.
- g. The Commission will elect annually, from among its members, a Chairman, a Vice Chairman, and a Secretary/Treasurer. The bylaws of the Commission shall provide for nomination and election of officers.
- h. The Commission will contract at formation for support and administrative

functions with the Alaska Municipal League (AML). The Executive Director of the AML will serve as a liaison between the Commission and AML and may appoint necessary staff support. This provision will be revisited within three years of legal formation of the Commission.

- i. The Commission may contract for supplies and professional services, and delegates to AML the same ability on its behalf.
- j. To carry out any purpose or function, the Commission may accept and utilize donations and grants of money, equipment, supplies, materials and services, conditional or otherwise, from any Member or governmental entity.
- k. The Commission may establish one or more offices for the transacting of its business. Upon formation, its registered office and place of business will be the Alaska Municipal League at One Sealaska Plaza, Suite 200, Juneau, AK 99801.
- l. The Members will adopt the initial bylaws of the Commission. The Commission will make its bylaws easily accessible for Members and prospective members. The power to adopt, alter, amend or repeal bylaws is vested in the Board of Directors unless it is reserved to the Members per the bylaws. The bylaws shall contain provisions for the regulation and management of the affairs of the Commission not inconsistent with this Agreement.
- m. The Commission will provide annual reports to its members covering its activities for the preceding fiscal year. The Commission may make additional reports.

## 2. Committees.

- a. In furtherance of its activities, the Commission may establish advisory and technical committees by a majority vote of the membership body. Membership on a technical committee, may include private persons and public officials. Committees may consider any matter of concern to the Commission, including issues of special interest to any member and issues pertaining to collection of sales tax on behalf of members.
- b. The Commission may establish additional committees by a majority vote of the membership or Board of Directors as its bylaws may provide.
- c. Committees may not take any action but may recommend action to the Board of Directors for consideration.

## 3. Powers.

In addition to powers conferred elsewhere in this Agreement and in the bylaws, the Commission may:

- a. Study federal, state and local sales tax systems, and particular types of state and local taxes.

- b. Develop and recommend proposals to promote uniformity and compatibility of local sales tax laws with a view toward encouraging the simplification and improvement of local tax law and administration.
- c. Compile and publish information to support and assist members in implementing the Agreement or assist taxpayers in complying with local government sales tax laws.
- d. Do all things necessary and incidental to the administration of its functions pursuant to this Agreement, including:
  - i. Sue and be sued.
  - ii. Administer provisions of uniform sales tax ordinances pursuant to authority delegated by Members
- f. The Commission may create and adopt policies and procedures for any phase of the administration of sales tax collection and remittance in accordance with this Agreement and the Commission's bylaws, including delegated authority to administer taxation or prescribing uniform tax forms. Prior to the adoption of any policy, the Commission will:
  - 1. As provided in its bylaws, hold at least one meeting after due notice to all affected members and to all taxpayers and other persons who have made timely requests to the Commission for advance notice of its policy-making proceedings.
  - 2. Afford all affected members and interested persons an opportunity to submit relevant written comments, which will be considered fully by the Commission.
- g. The Commission will submit any policy adopted by it to the designated representative of all Members to which they might apply. Each such Member will in turn consider any such policy for adoption in accordance with its own laws and procedures.

#### 4. Finance.

- a. At least 90 days prior to the start of a new fiscal year, the Board of Directors will adopt a budget of its estimated expenditures for the upcoming fiscal year and submit to Members.
- b. The Commission will follow a July 1 to June 30 fiscal year.
- c. The Commission's budgets must contain specific recommendations for service fees built into statewide administration. Service fees will account for direct staff and software costs, and indirect costs, as justifiable to the Board of Directors.
- d. The Commission will not pledge the credit of any member. The Commission may

meet any of its obligations in whole or in part with funds available to it, provided that it takes specific action to set aside such funds prior to incurring any obligation to be met in whole or in part in such manner. Except where the Commission makes use of funds available to it, the Commission may not incur any obligation prior to the allocation and commitment of funds adequate to meet the same.

- e. The Commission must keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the Commission will be subject to the audit and accounting procedures established under its bylaws. All receipts and disbursements of funds handled by the Commission will be audited annually by a certified public accountant and the report of the audit will be included in and become part of the annual report of the Commission to Members.
- f. The accounts of the Commission will be open at any reasonable time for inspection by duly constituted officers of the Members, the State of Alaska, and by any persons authorized by the Commission.
- g. Nothing contained in this Article may be construed to prevent Commission compliance with laws relating to audit or inspection of accounts by or on behalf of any government contributing to the support of the Commission.

#### **Article V. Membership Requirements; Remote Seller Sales Tax Code.**

1. To obtain and retain full membership, the Local Government must submit either an Ordinance or Resolution authorizing entry into the Agreement, including to:
  - a. Designate the individual at the municipality that may execute initial binding documents on behalf of the municipality and who will be the Member's representative on the Commission.
2. Once the Commission adopts its bylaws and adopts a uniform Remote Sellers Sales Tax Code, members must submit an Ordinance or Resolution that:
  - a. Delegates remote seller sales tax registration, exemption certification, collection, remittance, and audit authority to the Commission.
  - b. Within one hundred twenty (120) days, adopts, by reference or otherwise, the Remote Seller Sales Tax Code in its entirety as it pertains to collection of sales tax from remote sellers and marketplace facilitators. The Remote Seller Sales Tax Code is provided as "Addendum A".
3. To retain full membership status, changes made to the Agreement or Code should be ratified by the Member within one hundred twenty (120) days of the date the Commission adopts the change.
4. The Member must provide notice of tax or boundary changes to the Commission and must assure the Commission of the accuracy of rates and exemptions. Rate and exemption

changes will take effect within thirty (30) days of the date the Commission receives notice of the tax or boundary change.

## **Article VI. Sales Tax Collection and Administration.**

### **1. Collection; Registration; Remittance.**

- a. Every remote seller and marketplace facilitator meeting the Threshold Criteria of one hundred thousand (\$100,000) in annual sales or 100 annual transactions occurring in Alaska during the current or previous calendar year, shall collect sales taxes from the buyer at the time of sale or service and shall transmit the sales taxes collected to the Commission on a monthly or quarterly basis.
- b. The Commission will remit and report to Members by the last business day of the month.
- c. A remote seller or marketplace facilitator meeting the Threshold Criteria shall apply for a certificate of sales tax registration within thirty (30) calendar days of the adoption of this Remote Seller Sales Tax Code and/or within thirty (30) calendar days of meeting the threshold, whichever occurs later. Registration shall be to the Commission on forms prescribed by the Commission as set out in the remote seller sales tax code.
- d. Upon receipt of a properly executed application, the Commission shall issue the applicant a certificate of registration, stating the legal name of the seller, the primary address, and the primary sales tax contact name and corresponding title. A list of registered sellers in good standing shall be distributed to Members, made public and available on the Commission's webpage.

### **2. Returns; Confidentiality.**

- a. The Commission will provide all sales tax return information to the taxing jurisdiction, consistent with local tax codes.
- b. All returns, reports and information required to be filed with the Commission under this Code, and all information contained therein, shall be kept confidential and shall be subject to inspection only by:
  - i. Employees and agents of the Commission and taxing jurisdiction whose job responsibilities are directly related to such returns, reports and information;
  - ii. The person supplying such returns, reports and information; or
  - iii. Persons authorized in writing by the person supplying such returns, reports and information.

### **3. Title; Penalty and Interest; Overpayment.**

- a. Upon collection by the seller, title to the sales tax vests in the Commission and the member on whose behalf the original tax arose. The Commission shall act as a third-party trustee and remit taxes collected on behalf of the member no later than thirty (30) days after each filing deadline.
  - b. The Remote Sellers Sales Tax Code shall establish the per annum interest rate and any applicable penalties for late or non-compliant remote sellers.
  - c. Upon request from a buyer or remote seller the Commission shall provide a determination of correct tax rate and amount applicable to the transaction. In the case of an overpayment of taxes, the remote seller shall process the refund and amend any returns accordingly.
4. Audit; Compliance and Enforcement.
- a. The Commission shall have sole audit authority and will make final determinations regarding: (1) whether a remote seller or marketplace facilitator meets Threshold criteria; (2) the accuracy of returns filed by a remote seller or marketplace facilitator with the Commission; and (3) whether a remote seller or marketplace facilitator filing returns with the Commission is in compliance with collection and remittance obligations.
  - b. The Commission shall have authority to enforce issues relating to the Remote Sellers Sales Tax Code including, but not limited to, the collection of late fees and penalties, and filing of civil suits and injunctions.

#### **Article VII. Entry into Force and Withdrawal.**

1. This Agreement will be in force and effective when formally approved by any seven signatories and will terminate if membership falls below seven.
2. Any Member may withdraw from this Agreement through ordinance or resolution rescinding signatory action and giving notice to the Commission of the effective date of the ordinance, with a minimum of 30 days' notice. Withdrawal will not affect any liability already incurred by or chargeable to a Member prior to the effective date of such withdrawal. The obligations of the Commission to remit and report remain until no longer necessary.

#### **Article VIII. Effect on Other Laws and Jurisdiction.**

Nothing in this Agreement may be construed to:

1. Affect the power of any local government to fix rates or tax exemptions, except that all members must adopt and implement the Commission's common definitions and tax code changes or demonstrate parity or non-applicability.

2. Withdraw or limit the authority of local government with respect to any person, corporation, or other entity or subject matter, except to the extent that such authority is expressly conferred by or pursuant to this Agreement upon another agency or body.
3. Supersede or limit the jurisdiction of any court of the State of Alaska.

**Article IX. Construction and Severability.**

This Agreement shall be liberally construed so as to effectuate its purposes. The provisions of this Agreement shall be severable and if any phrase, clause, sentence, or provision is declared or held invalid by a court of competent jurisdiction, the validity of the remainder of this Agreement and its applicability to any government, agency, person or circumstance will not be affected. If any provision of this Agreement is held contrary to the charter of any member, the Agreement will remain in full force and effect as to the remaining members and in full force and effect as to the Member affected in all other provisions not contrary to charter.



## **Making the case for a coordinated municipal response to online merchants collecting local sales tax in Alaska**

Alaska Municipal League – September 25, 2019

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**Why now?:** The U.S. Supreme Court in June 2018 changed the rules for collecting sales tax on online orders. It removed a long-standing limitation that had blocked states from requiring all online sellers to comply with their sales tax laws. This, in effect, creates a level playing field for local businesses. The Supreme Court decision was clear: It said allowing states to apply their tax laws to online sellers the same as local merchants is a matter of fairness. The court said past practice enabled online sellers to avoid collecting sales taxes “has come to serve as a judicially created tax shelter for businesses that decide to limit their physical presence and still sell their goods and services to a state’s consumers.”

Across the nation, states are working to comply with the Supreme Court decision, namely by ensuring the streamlined, single-level administration of sales tax collection. While this is straightforward in states with a sales, there are five states that don’t have a broad-based sales tax, and Alaska the only one that has local governments who do. Alaska’s cities and boroughs are at an administrative and enforcement disadvantage. Remote sellers have been clear that until this is addressed, they will not collect the sales taxes required by individual local governments. To the extent that there have been isolated cases of collections, some of those businesses get it wrong, misapplying taxes and exemptions and shortchanging municipalities or overcharging residents. (Note: Amazon’s current remittance is not based on remote sales, or the *Wayfair* case)

**What the Alaska Municipal League is trying to do:** The 165-member Alaska Municipal League, a nonprofit statewide organization, has spent the last year researching options for member local governments, and worked with many members to respond to this opportunity. Together, AML and members have developed an intergovernmental agreement, bylaws for a commission, and a remote sales tax code that local governments with sales tax codes will adopt. AML is developing the structure for centralized sales tax administration for remote merchants (out-of-state online sellers) to register and report their tax collections for distribution to the participating cities and boroughs.

The intergovernmental agreement, or compact, is voluntary, but those local governments that do not sign on are less likely to see remote sellers comply with their individual tax codes. The code that should be adopted by each member is generally consistent with most local governments, with provisions for parity and working toward compliance over time. The important thing to know is that each local government maintains its own tax rate and exemptions. The commission that is established will be delegated taxing authority. The board of directors of the commission will be voted on by members and have responsibility for the governance. The commission will contract with AML to administer the centralized administration, with collection, remittance and reporting that meets the need of each local government. This centralized administrator will include software that maintains a tax variability matrix, able to account for differences between members, and a sales tax boundary map so that remote sellers can comply with municipal boundaries.

**A Timeline:** There is a governance committee comprised of local government finance officers, attorneys and managers, who have drafted all relevant documents. These will need to be reviewed and adopted by any local government that wishes to participate. Adoption means delegating authority to a municipal

official to sign the intergovernmental agreement on behalf of the city or borough, and delegating taxing authority to the Commission. Adoption also means agreeing to the common tax code for remote sales. AML will contract with a software developer and build up a sales tax staff to administer the program.

We envision the governance being established in late November, perhaps at the annual AML conference, with full implementation in January 2020. Adoption will take time for many local governments, and members should deliberate as needed to come to resolution of adoption. The process accommodates joining at any point.

### **What are the benefits of taxing online sales the same as local sales**

The biggest benefit is fairness:

- Fairness in funding public services in the community – the reason each municipality has a sales tax code is to be able to provide essential services for residents.
- Fairness for local merchants – the current system creates an incentive for residents to shop online, which creates additional burdens to brick and mortar stores.
- Fairness so that residents who shop online are charged the correct amount of tax – maintaining the uniqueness of each jurisdiction is important, and remote sellers can't comply with individual government codes without centralization.

“There is little logic in asking consumers who prefer to shop at local businesses to pay more toward funding public services than consumers who shop via their laptops or smartphones,” the independent Institute on Taxation and Economic Policy wrote of tax-free online shopping in a March 2018 report. “Local economies are harmed by this arrangement,” the report said, noting the competitive disadvantage it creates for “businesses that hire local residents, pay local property taxes, and otherwise contribute to the local economy.”

### **The numbers**

Nationwide, e-commerce sales totaled more than \$500 billion in 2018, and the number is growing. Online sales totaled about 14 percent of total U.S. retail sales of \$3.6 trillion last year, according to Commerce Department estimates. The U.S. Government Accountability Office estimates that states lost about \$13 billion from the inability to fully collect taxes on online sales in 2017. The Alaska Municipal League estimates more than \$20 million in annual sales tax receipts could be at stake for those cities and boroughs with a sales tax.

### **National trends**

A growing number of states have amended or are drafting changes to their tax codes to ensure they fairly and fully collect taxes from remote merchants selling goods online, the same as they do with local merchants. More than 20 states have adopted the Streamlined Sales and Use Tax Agreement, a common set of administrative rules and tax definitions to streamline enforcement nationwide.

### **The risks of doing nothing**

The risks are more problems: Confusion for local consumers from erroneously collected sales taxes, further unfair competition that erodes local businesses, and lost municipal revenue as online shopping continues to grow. That is lost revenue Alaska communities cannot afford. At the same time, without centralized administration, the majority of remote sellers will not comply with local tax codes.



## **Online Sales Tax – Background and FAQ**

### ***How did the June 2018 U.S. Supreme Court decision change the sales tax world?***

The U.S. Supreme Court on June 21, 2018, upheld the state of South Dakota’s right to require online sellers to collect and remit sales tax on orders delivered into the state. The 5-4 decision effectively overturned a Supreme Court decision from 1992 that went against the state of North Dakota. The 2018 case is South Dakota vs. Wayfair (a nationwide online retailer of furniture and home goods).

### ***What were the issues in the court case?***

In its ruling, the Supreme Court noted that the South Dakota Legislature had determined “that the inability to collect sales tax from remote sellers was ‘seriously eroding the sales tax base’ ... causing revenue losses and imminent harm.”

The court explained, “The central dispute is whether South Dakota may require remote sellers to collect and remit the tax without some additional connection to the state,” such as an office or warehouse or employees. And although the 1992 decision against North Dakota commented that requiring remote sellers to collect and remit sales tax “might unduly burden interstate commerce” without such a physical or legal connection, called nexus, the court’s 2018 decision found otherwise. “The administrative costs of compliance, especially in the modern economy with its Internet technology, are largely unrelated to whether a company happens to have a physical presence in a state,” the Supreme Court said in its 2018 decision.

Allowing online sellers to avoid collecting sales taxes “has come to serve as a judicially created tax shelter for businesses that decide to limit their physical presence and still sell their goods and services to a state’s consumers,” the court added.

In its order, the Supreme Court said it overruled the 1992 decision because it was “unsound and incorrect.”

### ***Does the court decision require online sellers to collect sales tax?***

No, it does not require online merchants of goods and services to do anything unless a state’s sales and use tax is written to apply to online orders (remote merchants). If a state chooses not to extend its sales and use tax to online orders, the Supreme Court decision does not require merchants to voluntarily collect and remit the tax. The decision is up to each state.

### ***Does the court decision apply to municipalities?***

No, not exactly, not directly. The word “municipality” appears nowhere in the Supreme Court decision. The case, the briefings, the discussion and the order focused solely on state sales and use tax. But, the same reasoning, the same legal questions likely would apply to municipal sales taxes: Are they discriminatory against interstate commerce, do they pose an undue burden on interstate commerce, are they administered fairly to all parties. As Alaska is the only state that allows municipal sales taxes without an overriding set of rules in a state sales tax, Alaska is unique.



### ***What are the challenges for Alaska municipalities?***

Without a clearly defined set of legal standards in the court decision for municipalities, Alaska cities and boroughs have to make their best legally educated guess at what set of tax definitions, rules, exemptions and administrative procedures would be needed to replicate and adhere to the intent of the court opinion allowing taxation of online sales. Such as, no undue burden on interstate commerce, no retroactive taxation, and a system that standardizes tax rules to reduce administrative and compliance costs for remote merchants. There is no checklist of what will work or what is not allowed — Alaska municipalities will have to set their own trail.

### ***What's the path forward for Alaska municipalities that want to collect taxes on online sales?***

A coordinated approach is best. In fact, it's probably the only way to succeed. It's hard to imagine that a large, nationwide online merchant, a small remote seller — or a court, in the event of a legal challenge — would accept dozens of municipal codes, each with its own unique set of definitions, administrative rules, limits and exemptions as an acceptable system that standardizes taxes to reduce administrative and compliance costs. In fact, they have communicated that they wouldn't.

By working together, Alaska cities and boroughs stand the best chance of crafting a workable sales tax structure that serves local needs while establishing a legally secure path to collecting municipal taxes from online sales.

### ***What is the Alaska Municipal League doing to help?***

The Alaska Municipal League established a working group in 2018 to explore the best answers for bringing Alaska cities and boroughs into the world of collecting tax revenue from online sales. AML is looking into the legal issues, software and administrative costs, including the option of contracting with a third-party vendor with experience in state sales taxes to handle the collection and distribution of tax remittances from online merchants. AML has provided frequent updates on its progress to its members, with reports at the board meeting in Anchorage in May, the summer meeting in Soldotna in August, and a final review at the general membership meeting in Anchorage in November.

The idea is that AML would establish a cooperative effort — entirely optional for each Alaska municipality — to participate in a centralized online sales tax collection, administration and enforcement program. Municipalities that join and agree to adopt the required changes to their sales tax codes would benefit from the collective strength of presenting a unified approach to online merchants nationwide. Cities or boroughs that choose not to join still could try on their own to adopt and enforce sales taxes on online merchants.

State law allows Alaska municipalities to sign intergovernmental cooperating agreements — similar to mutual-aid pacts between fire departments. AML's legal review concluded that a cooperative tax administration and collection agreement essentially would be the same and would not require any state legislation.

### ***Is there any guarantee that municipalities can force online sellers to collect the tax?***

There is no guarantee that every online merchant will willingly collect and remit sales taxes to a centralized administration for Alaska municipalities. But the odds of success are much better than 100+ different sales tax administrations statewide.



The deciding factor may be how “homogenized” Alaska’s cities and boroughs are willing to make their tax codes. The more the codes are the same, the better the argument that the municipalities are adhering to the standards the Supreme Court cited in its Wayfair decision.

“Nobody can give you an absolute legal answer” as to how far municipalities can stray from the intent and spirit of the Wayfair decision and still win if taken to court, the vice president and tax counsel for the National Retail Foundation told AML. Her advice: Go with the Streamlined Sales Tax Project’s definitions

### ***What is the Streamlined Sales Tax Project?***

The Streamlined Sales Tax Project began in March 2000 with the goal “to find solutions for the complexity in state sales tax systems.” It was, in great part, that complexity that led to the 1992 Supreme Court decision against North Dakota’s efforts to require tax collections by remote merchants.

The result is the Streamlined Sales and Use Tax Agreement, which targets simplifying and modernizing sales and use tax administration to substantially reduce the burden of tax compliance. The agreement focuses on state-level administration of sales and use taxes; uniformity in each state’s state and local tax bases; uniformity of major tax base definitions; central electronic registration for merchants; simplification of state and local tax rates; uniform sourcing rules for all taxable transactions (defining the point of the taxable transaction); and simplified administration of exemptions, tax returns and payments.

As of March 2019, 24 states had adopted the agreement. No federal law requires states to sign on for the Streamlined Sales Tax Project, but doing so makes it easier for states to capture maximum revenues from remote merchants.

The more that Alaska municipalities can follow the Streamlined Sales and Use Tax Agreement, the better the odds of success in achieving full compliance from online merchants. The AML working group on this topic have adopted to a large extent SSUTA definitions.

### ***Can complexity lead to legal objections?***

Yes, but it is unknown how much complexity would break the legal back of taxing online sales. In his dissenting opinion in the Wayfair case, Chief Justice John Roberts pointed to the complexity of sales tax laws nationwide. “Correctly calculating and remitting sales taxes on all e-commerce sales will likely prove baffling for many retailers. Over 10,000 jurisdictions levy sales taxes, each with different tax rates, different rules governing tax-exempt goods and services, (and) different product category definitions.” He noted that New Jersey collects sales tax on yarn purchased for art projects but not on yarn made into sweaters. “Texas taxes sales of plain deodorant at 6.25 percent but imposes no tax on deodorant with antiperspirant.” Illinois categorizes Twix bars as food and Snickers candy, and taxes them differently, the chief justice noted, only because Twix includes flour.

### ***Why are Amazon and some merchants already collecting sales tax for Alaska municipalities?***

Amazon has started collecting sales tax in several Alaska jurisdictions, though it appears that in most cases it is collecting tax only on Amazon’s own goods and not on sales of third-party sales. A coordinated, AML-led approach would remedy this shortcoming by encouraging municipalities to change their codes to encompass all goods sold online, whether direct by the



merchant or fulfillment by a third-party seller. A coordinated effort also would clarify which business is responsible for collecting and remitting the tax: The website that takes the order or the business that fills the order?

As of March 2019, Amazon had yet to register with all Alaska municipalities, and for most municipalities the online merchant's first sales tax returns are not due until a month after the end of the first quarter. After Amazon and other vendors file their first returns, Alaska municipalities will have a better sense of any enforcement issues.

There have been reports that Amazon is misapplying local taxes on some sales that should be tax-exempt. As it is now, each municipality has to contact Amazon individually — or any other online vendor — to educate the merchant on the details of their specific municipal tax code. A single online sales tax administrator for Alaska municipalities would improve the situation.

As to Amazon specifically, in a few cases the online retailer is collecting sales tax for deliveries in Alaska because it has a physical connection — a nexus — in that city or borough, such as an Amazon subsidiary or affiliate that does business in the municipality. Unless a municipal code is written as a sales and use tax, or otherwise specifically addresses online sales, merchants such as Amazon are not legally obligated to collect the city or borough sales tax.

### ***How can online merchants determine which municipality gets the taxes?***

One significant problem that Alaska municipalities must overcome is to construct a user-friendly online mapping system so that merchants can accurately determine the correct tax jurisdiction. Such as, a buyer may have a Soldotna ZIP code and mailing address but does not live within the city of Soldotna and believes they should not be liable for Soldotna city sales taxes. The same can be said for Interior residents with a North Pole mailing address. ZIP+4, unfortunately, does not always match municipal boundaries in Alaska, and therefore cannot be used for determining the tax jurisdictions. Other states and third-party contractors provide online mapping tools for sellers, and third-party vendors could help Alaska develop one that covers the entire state. In addition to creating the “tax look-up map” (as it is called in the state of Washington), Alaska municipalities would have to establish a system for keeping the map current with new subdivisions, new addresses for businesses and residences, annexations and such.

### ***Can online vendors handle additional, specific sales taxes?***

Yes, such as on alcohol or tobacco taxes, in addition to general sales taxes. Other states levy additional taxes on certain items, such as alcohol, and nothing in the Streamlined Sales Tax Project argues against such additional sales or excise taxes. The third-party vendors that offer administration software for states can accommodate such taxes.

### ***What are some of the tax code decisions that AML research undertook?***

#### **Taxation limits**

- Several Alaska municipalities have in place a limit on the amount of a single transaction subject to sales tax. For example, in Juneau the sales tax stops charging after a single transaction (an invoice, not a single item) reaches \$12,000 (though there is no limit to



taxation of jewelry). In the Kenai Peninsula Borough, the cap is \$500. Alaska municipalities can maintain their disparate application of such “tax caps” and still have a reasonable chance of surviving a legal challenge should an online merchant want to contest the “undue burden” of navigating different tax limitations.

### **Point of taxation**

- Alaska municipalities most certainly will need to define and adopt a common definition for the point of the taxation transaction, especially since this could affect the rate charged and where the tax is remitted. Such as, if a buyer receives the order at a post office in one city but takes it to their residence in another city, where did the taxable transaction occur, and which city gets the money? Where the item was delivered or where it was used? The same difficulty would apply to the online seller as it tries to determine the tax rate — it needs to know which address to check on the tax look-up map, the point of delivery or the residence of the buyer? The point of taxation as agreed to is the point of delivery.

### **Definitions**

- Definitions should be consistent among participating municipalities for any tax-exemptions, such as food (taxed or not taxed, or divided between prepared and unprepared, and how to define those terms), sale-for-resale, purchases by senior citizens, manufacturing components, construction materials that will be incorporated into real property in the municipality, farming supplies, funeral supplies, medical equipment, over-the-counter drugs and medical items, sales to and/or by nonprofits, sales by government agencies. There is a document providing the Common Definitions for review.

### **Collection thresholds**

- South Dakota sets a significantly higher minimum threshold for annual sales into the state by a remote merchant than for local businesses before the out-of-state business has to collect and remit sales taxes. Whatever Alaska municipalities decide needs to be consistent for all municipalities in the AML program. Otherwise, remote merchants could get caught up in a maze of different registration and reporting standards.
- For example, municipalities may want to exempt small-scale sellers from registering, collecting and remitting, such as businesses with less than \$2,500 a year of sales into the jurisdiction. An example would be an online jewelry maker in New York that might sell \$300 of goods into any one Alaska city in a year. How much do Alaska municipalities want to exempt occasional sellers from collecting sales tax? And should it be the same threshold for remote sellers as in-town businesses?
- The collection threshold has been set at \$100,000 in annual transaction revenue or 100 annual transaction statewide.

POSSIBLE WHEREAS/FINDINGS  
(TAKEN FROM SOUTH DAKOTA LAW, in part)  
SD ST § 10-64-1 legislative findings

WHEREAS, the inability to effectively collect sales tax from remote sellers who deliver personal property, products transferred electronically, or services directly into Alaska is seriously eroding the sales tax base of communities, causing revenue losses and imminent harm to residents through the loss of critical funding for local public services; and

WHEREAS, the harm from the loss of revenue is especially serious in Alaska because the state has no broad-based tax, and sales tax revenues are essential in funding the provision of services by local governments; and

WHEREAS, despite the fact that a use tax is owed on tangible personal property within certain jurisdictions in the State of Alaska, any product or service delivered physically or transferred electronically for use in this state can be marketed by many remote sellers as tax free, and lack the local government's sales tax; and

WHEREAS, the structural advantages of remote sellers, including the absence of point-of-sale tax collection, along with the general growth of online retail, make clear that erosion of the sales tax base is and has been occurring, and is likely to increase in the near future; and

WHEREAS, remote sellers who make a substantial number of deliveries into or have large gross revenues from Alaska benefit extensively from the Alaska market, affecting the economy generally, and the needs of local infrastructure; and

WHEREAS, given modern computing and software options, it is neither unusually difficult nor burdensome for remote sellers to collect and remit sales taxes associated with sales into Alaska municipalities; and

WHEREAS, the United States Supreme Court decided on June 21, 2018 in the case South Dakota v. Wayfair that the United States Constitution no longer prohibited the levying of sales tax on mail order or internet purchases from businesses located outside the state of Alaska who did not have a physical presence within the taxing jurisdiction; and

BE IT RESOLVED, it is the intent of this municipality to apply their respective sales tax obligations to the limit of federal and state constitutional doctrines.

**XX.XX.010.** - Certain sellers located outside of state required to collect and remit sales taxes—

Criteria

Any seller, who does not have a physical presence in the State of Alaska, selling tangible or intangible personal property, digital products, or services rendered within or delivered to the taxing jurisdiction is subject to the Model Code Section XXX, and shall remit the sales tax and shall follow all applicable procedures and requirements of law as if the seller had a physical presence in the state of Alaska or taxing jurisdiction, provided the seller has met one of the following criteria in the previous calendar year or the current calendar year:

1. The seller's annual statewide gross revenue, or seller's marketplace facilitator's annual statewide gross revenue, from the sale(s) of property, digital product or services delivered into the state exceeds one hundred thousand dollars; or
2. The seller, or seller's marketplace facilitator, sold property, digital products, or services delivered into the state in one hundred or more separate transactions.

If a seller's gross statewide sales, or a seller's marketplace facilitator's gross statewide sales, from the previous calendar year or the current calendar year meets or exceeds the above criteria, the seller is expected to register with [the commission] and collect and remit sales tax at the point the conditions herein are met, including from the prior calendar year.

**XX.XX.020.** - Prospective obligation to collect or remit tax

The obligations to collect and remit sales tax required by this [chapter] are applicable upon the effective date of the Model Code. Remittance should occur not later than 30 days of the effective date.

**XX.XX.030.** - Tax jurisdiction – Point of Taxation

The rate of tax to be added to the sale price is based on the location where the property, digital product, or service, is received. Delivery of property, product, or service can be transferred physically or electronically.

**XX.XX.040.** – Authority to enter into Compact.

The mayor is authorized to enter into the Alaska Municipal Remote Sellers Sales Tax Compact (Compact) with one or more municipalities in the state to simplify and modernize sales tax administration in order to substantial reduce the burden of tax compliance on remote sellers who establish economic nexus with the borough pursuant to [XX.XX.010]. In furtherance of the Compact, the mayor or mayor's designee is authorized to act jointly with other municipalities that are members of the Compact to establish standards for certification of a certified service provider and certified automated system and establish performance, reporting, and standards

for remote sellers. Remote sellers that are subject to the jurisdiction's tax pursuant to [XX.XX.010] shall report, remit, and comply with standards, including audit authority, promulgated by the Alaska Municipal Remote Sellers Sales Tax Commission (Commission).

XX.XX.050. - Remote Sellers Sales Tax Commission; Delegation of Authority

A remote seller who establishes economic nexus with the borough pursuant to [XX.XX.010] will report and remit to the Alaska Municipal Remote Sellers Sales Tax Commission. The Commission is authorized to collect remote sellers' sales tax on behalf of the borough and the cities in the borough. The commission will remit collected sales tax to the borough and the cities in the borough and provide a quarterly collection and compliance report per the terms of the Compact. The borough may withdraw by ordinance from the Compact at any time.

XX.XX.060. – Declaratory Judgment

Notwithstanding any other provision of law, and whether or not the borough or the Commission] initiates an audit or other tax collection procedure, the Commission and/or taxing jurisdiction may bring a declaratory judgment action against any person believed to meet the criteria of [XX.XX.010] 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 taxing jurisdiction

XX.XX.070. – Sellers with a physical presence in the borough.

Sellers with a physical presence in the borough shall report, remit, and comply with standards, including audit authority, promulgated by this chapter to the borough's finance department. This section applies to all sellers with a physical presence in the borough even if the seller also has taxable online sales.

XX.XX.080. – Definitions

This chapter hereby adopts by reference the Commission's Common Definitions for sales tax administration.

“Marketplace Facilitator” means a person that contracts with sellers to facilitate for consideration, regardless of whether deducted as fees from the transaction, the sale of the seller's products through a physical or electronic marketplace operated by the person, and engages:  
"Marketplace facilitator" means a person that contracts with sellers to facilitate for consideration, regardless of whether deducted as fees from the transaction, the sale of the seller's products 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:

- (I) Transmitting or otherwise communicating the offer or acceptance between the buyer and seller;
  - (ii) Owning or operating the infrastructure, electronic or physical, or technology that brings buyers and sellers together;
  - (iii) Providing a virtual currency that buyers are allowed or required to use to purchase products from the seller; or
  - (iv) 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:
- (I) Payment processing services;
  - (ii) Fulfillment or storage services;
  - (iii) Listing products for sale;
  - (iv) Setting prices;
  - (v) Branding sales as those of the marketplace facilitator;
  - (vi) Order taking;
  - (vii) Advertising or promotion; or
  - (viii) Providing customer service or accepting or assisting with returns or exchanges.

Receive or Receipt” means:

- A. Taking possession of tangible personal property,
- B. Making first use of services, or
- C. Taking possession or making first use of digital goods, whichever comes first.

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

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

**4.30.050 Purchase orders.**

A. The city manager is responsible for the establishment of a purchasing system under which all merchandise, supplies and services will be purchased for the city, except for the school district.

B. Purchase orders shall be issued upon requisitions signed by the head of the division requesting the purchase. All requisitions shall be filed with the purchasing agent and no purchase shall be made until an order has been obtained from him/her.

C. In the absence of the city manager, a person designated in writing by him/her, is hereby authorized to sign purchase orders for supplies which do not exceed **five hundred dollars** in value, in conformance with control procedures to be established by the city manager for that purpose. (Ord. 86-10 § 1, 1986.)

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**CITY OF DILLINGHAM  
Procurement Policy**

<b>Subject: Purchasing, Procurement and Travel Authorization</b>	
<b>Number: FIN 01</b>	<b>Reference(s): DMC# 4.30</b>
<b>Effective Date: October 22, 2019 (proposed)</b>	<b>Review Date: Annually</b>

**PURPOSE:** To provide procedures for procurement methods and completion of related Documents. The use of purchase orders allows encumbrances to be recorded prior to actual expenditures. Signatures for the approval of purchases and travel requests commit the resources of the City by its authorized Management.

**SCOPE:** This procedure applies to the purchase of all inventory items, supplies, and capital equipment for all departments within the City including authorization for travel.

**NOTE:** No officer or employee of the city shall have authority to enter into any oral agreement involving the expenditure of money and will follow the purchasing procedures as follows.

**1) Local purchases under \$1,000 (Code still says \$500 4.30.050 C)**

- a) Charge to local vendors that have pre-approved charge accounts
  - i) L&M, N&N, NAPA, AC, Bigfoot,
  - ii) Department head to provide list of employees who can charge at stores to Finance and update as needed (change in personnel)
- b) When charging:
  - i) Sign and date the charge slip
  - ii) Notate the department paying the charge
  - iii) Notate what the item is for *is this redundant with iv*
  - iv) Code
  - v) Send to Finance
- c) Vendor sends a monthly statement
  - i) Finance pays invoices or statements that are itemized
  - ii) Finance matches invoices (charge slips) to statements
  - iii) Departments who cause a delay for not providing backup will pay finance charges that are assessed

**2) All out of town purchases, regardless of price and local purchases of goods, equipment, and services (including shipping) is over \$1,000 but less than \$5,000**

- a) Create a requisition
  - i) If possible provide three price quotes and keep with requisition
  - ii) Follow Purchase Order process, see item 6)
- b) Make purchase with the Purchase Order

**3) Purchase price, including shipping, is over \$5,000 but less than \$20,000**

- a) Create a requisition

- i) Three written quotes must be obtained whenever possible
- ii) Follow Purchase Order process
- b) Make purchase with the Purchase Order, see item 6)

**4) Purchase price, including shipping, is \$20,000 or greater**

- a) City Manager, or designee will arrange competitive sealed bidding procedures for the purchase.
- b) The City Council will evaluate and award
  - i) the most responsive bid
  - ii) refer to DMC 4.30.030

**5) For purchases of services the following are used:**

- a) Contracts for construction work
- b) Memorandum of agreement is used for other types of work.

**6) Purchase order process**

- a) When a purchase is required
  - i) The department budget is assessed and an expense code is assigned
  - ii) Include the cost of purchase, freight, handling fees, etc.
  - iii) Line item overages are acceptable if department is balanced
  - iv) All department overages must stay within the department
  - v) If an overage is foreseen bring to the attention of City Manager
- b) Department creates a requisition
  - i) Use the numbering system provided by the finance department
  - ii) Printed on blue paper
  - iii) Coding is clearly understandable
  - iv) Must include vendor detail
  - v) Finance provides numbering series for requisitions
  - vi) Approved by:
    - (1) If less than \$1,000, signed by the Department head
    - (2) If over \$1,000, signed by the Department head and then the City Manager
- c) Purchase Order creation
  - i) Allow a minimum of 24 hours for processing
  - ii) Finance department will review the requisition for completion and accuracy
  - iii) Finance creates a purchase order and an encumbrance is recorded
- d) Purchase order distribution
  - i) Approved purchase order will be e-mailed to the requesting department to be printed and/or forwarded to the vendor.
  - ii) A yellow copy will be stored in Finance waiting for receipt of purchases

**7) Receiving**

- a) Merchandise is received
  - i) Items are compared to the purchase order and vendor's packing slip.
  - ii) Document the order's receipt by indicating
    - (1) The items received on the purchase order
    - (2) Date received
    - (3) Signature of person verifying items received
- b) The department provides the following before payment can be made
  - i) Purchase order with notations concerning receipt of merchandise

- ii) Vendor's invoice or register receipt (if received)
- iii) Packing slip or bill of lading (can be kept with dept. records)
- iv) Initial Signature and date stating "OK to Pay"
- c) Partial shipments can be paid if there is a delay in receiving
  - i) photocopy the purchase order
  - ii) Indicate which items have been received
  - iii) Send the receiving paperwork
  - iv) Keep the original purchase order until all items are received
- d) Departments must review open purchase orders monthly
- e) Departments must notify the finance department of any voided purchase orders.
- f) The finance department will reconcile invoices to open purchase orders, then send the vendor a check.

## 8) Check Requests

- a) To be used sparingly
- b) Used for:
  - i) When an invoice is received for goods or services before a purchase order can be issued.
  - ii) Payment for training
  - iii) Account reimbursements
  - iv) Internal and payroll related payments
  - v) Pay a vendor who will not accept a purchase order and requires prepayment.
  - vi) Must be accompanied by:
    - (1) an invoice, or
    - (2) quote from vendor of list of merchandise and cost
  - vii) Approved by:
    - (1) If less than \$1,000, signed by the Department head
    - (2) If over \$1,000, signed by the Department head and then the City Manager

## 9) Travel Authorization

- a) All travel **requires** department head and city manager approval "this establishes liability" needed for insurance coverage
- b) Indicate
  - i) employee's name
  - ii) destination
  - iii) dates of travel, airline, car rental,
  - iv) per diem
  - v) registration fees
  - vi) budget expenditure account coding.
- c) Include
  - i) Contact information to each vendor involved.
    - (1) All vendors are provided a purchase order number (the requisition process is still in place), which must be referenced on all invoices
    - (2) All approved car rentals with insurance riders are to be discussed with your department head and/or Finance Director.
- d) The travel authorization and related requisitions must be sent to the finance department as soon as accommodations are on hold.
- e) Once purchase orders are distributed reservations can be made.

## **10)Fuel purchases**

- a) Price is set by an annual bid process
- b) Contracts are signed on all fuel types and becomes the provider for the period of the contract
- c) Employees witness and verify all fuel fill-ups to tanks and equipment
- d) Employees use the tanks for vehicle and equipment refill
  - i) Unleaded at Public Safety
  - ii) Diesel at Public Works
- e) Contact Public Safety Dispatch to turn the tank on and off for a refill
  - i) Vehicle (give vehicle number as provided by Public Works)
  - ii) Mileage reading
- f) Dispatch provides monthly fuel logs to finance who will allocate usage based on the report.
- g) Heating fuel purchases are paid from fuel invoices supplied by the vendor when fuel is delivered.

## **11)Credit Card Purchases**

- a) The requisition process must be followed for all credit card purchases
  - i) Vendor will be Wells Fargo Credit Card
  - ii) Indicate the vendor the purchase is for in the body of the requisition
- b) Once the purchase order is received the credit card held at the finance department can be used
  - i) If using the city credit card a computer and/or phone will be made available in the finance department
- c) If a credit card is used while traveling all credit card slips will be properly coded along with the appropriate purchase order or travel authorization and provided to the finance department
- d) Purchase for non-travel can be made only if the vendor will not accept the purchase order process



November 19, 2019

City of Dillingham

Via Email: [cityclerk@dillinghamak.us](mailto:cityclerk@dillinghamak.us)

**Re: Notice of 2020/2021 Liquor License Renewal Application**

<b>License Type:</b>	Package Store	<b>License Number:</b>	1405
<b>Licensee:</b>	Brannon Rentals LLC		
<b>Doing Business As:</b>	Dillingham Liquor Store		

We have received a completed renewal application for the above listed license (see attached application documents) within your jurisdiction. This is the notice required under AS 04.11.480.

A local governing body may protest the approval of an application(s) pursuant to AS 04.11.480 by furnishing the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of receipt of this notice, and by allowing the applicant a reasonable opportunity to defend the application before a meeting of the local governing body, as required by 3 AAC 304.145(d). If a protest is filed, the board will deny the application unless the board finds that the protest is arbitrary, capricious, and unreasonable.

To protest the application referenced above, please submit your written protest within 60 days, and show proof of service upon the applicant and proof that the applicant has had a reasonable opportunity to defend the application before a meeting of the local governing body.

Sincerely,

Glen Klinkhart, Interim-Director  
[amco.localgovernmentonly@alaska.gov](mailto:amco.localgovernmentonly@alaska.gov)



Received
_____
_____

<b>License Renewal</b>	<b>License Transfer</b>	<b>New License</b>	<b>Other</b>
<b>Doing Business As</b>	<b>License Type</b>	<b>Licensee</b>	<b>Physical Address</b>

This review covers the period \_\_\_\_\_ to \_\_\_\_\_.

Route to FINANCE \_\_\_\_\_ **Respond by:** \_\_\_\_\_ Info. Available as of \_\_\_\_\_  
Date Date Date

<b>ACTIVITY</b>	<b>STATUS</b>
<b>Sales Tax</b>  <b>Reports Filed and Payments Submitted</b>	Bal. Due _____ Date/Amt. of Last Payment _____  No. late payments _____ <b><u>Comment:</u></b>
<b>Real Property Tax</b>  <b>Owns the property?</b> YES      NO	Bal. Due _____ Date/Amt. of Last Payment _____  No. late payments _____ <b><u>Comment:</u></b>
<b>Personal Property Tax</b>  <b>(Inventory, Supplies, Office Equipment)</b>	Bal. Due _____ Date/Amt. of Last Payment _____  No. late payments _____ <b><u>Comment:</u></b>
<b>Utility Bill</b>  <b>Responsible for utilities?</b> YES      NO	Bal. Due _____ Date/Amt. of Last Payment _____  No. late payments _____ <b><u>Comment:</u></b>
<b>Most Current DLG Business License</b>	_____ License Year      Date Applied <b><u>Comment:</u></b>
<b>Most Current AK State Bus. License</b>	_____ License Year      Date Applied <b><u>Comment:</u></b>



Received
_____
_____

<b>License Renewal</b>	<b>License Transfer</b>	<b>New License</b>	<b>Other</b>
<b>Doing Business As</b>	<b>License Type</b>	<b>Licensee</b>	<b>Physical Address</b>

This review covers the period \_\_\_\_\_ to \_\_\_\_\_.

Route to Public Safety \_\_\_\_\_ **Respond by:** \_\_\_\_\_ Info. Available as of \_\_\_\_\_  
Date Date Date

Have there been any adverse reports filed in the past two years? YES NO

If yes, explain in detail and include dates. Use a separate sheet of paper if necessary. :

Serving to minors (under 21 years of age).

Intoxicated person on licenses premises.

Serving alcoholic beverages after hours.

Pattern of disturbances or fights on the licenses premises.

Open sale of prohibited drugs on the licenses premises.

Additional comments:



Received
_____
_____

<b>License Renewal</b>	<b>License Transfer</b>	<b>New License</b>	<b>Other</b>
<b>Doing Business As</b>	<b>License Type</b>	<b>Licensee</b>	<b>Physical Address</b>

This review covers the period \_\_\_\_\_ to \_\_\_\_\_.

Route to PLANNING \_\_\_\_\_ **Respond by:** \_\_\_\_\_ Info. Available as of \_\_\_\_\_  
Date Date Date

1) Does the structure, or use of land or a structure, including parking requirements at the proposed license location conform to Title 18. Explain.

2) License Transfer and New Licenses require a public hearing DMC 8.18.020, B. Provide a detail of the Public Notice Requirements.



Received
_____
_____

<b>License Renewal</b>	<b>License Transfer</b>	<b>New License</b>	<b>Other</b>
<b>Doing Business As</b>	<b>License Type</b>	<b>Licensee</b>	<b>Physical Address</b>

Reviewed by: \_\_\_\_\_

Date

Recommendation:

No Action

Deny

Explain the reason(s) for a denial of the application:

OTHER:

**During the two year period that the license is in effect, state statute allows the local governing body to protest the continued operation of a license during the second year of the biennial license period. This may be done by sending both the Alcohol Marijuana and Control Board and the licensee a protest and the reason for the protest by January 31 of the second year of the license.**

OTHER Comment:



Alaska Alcoholic Beverage Control Board

**Master Checklist: Renewal Liquor License Application**

Doing Business As:	Dillingham Liquor Store	License Number:	1405
License Type:	Package Store		
Examiner:	<i>Carrie</i>	Transaction #:	1166625

Document	Received	Completed	Notes
AB-17: Renewal Application	11/4		
App and License Fees	11/4		

Supplemental Document	Received	Completed	Notes
Tourism/Rec Site Statement			
AB-25: Supplier Cert (WS)			
AB-29: Waiver of Operation			
AB-30: Minimum Operation			
AB-33: Restaurant Affidavit			
COI / COC / 5 Star			
FP Cards & Fees / AB-08a			
Late Fee			

Names on FP Cards:	
--------------------	--

	Yes	No
Selling alcohol in response to written order (package stores)?	<input type="checkbox"/>	<input type="checkbox"/>
Mailing address and contact information different than in database (if yes, update database)?	<input type="checkbox"/>	<input type="checkbox"/>
In "Good Standing" with CBPL (skip this and next question for sole proprietor)?	<input type="checkbox"/>	<input type="checkbox"/>
Officers and stockholders match CBPL and database (if "No", determine if transfer necessary)?	<input type="checkbox"/>	<input type="checkbox"/>

**LGB 1 Response:**

Waive   
  Protest   
  Lapsed

**LGB 2 Response:**

Waive   
  Protest   
  Lapsed



Alaska Alcoholic Beverage Control Board

Package Store License

**Form AB-17b: 2020/2021 Renewal License Application**

**What is this form?**

This renewal license application form is required for all individuals or entities seeking to apply for renewal of an existing package store liquor license that is due to renew by December 31, 2019. All fields of this form must be complete and correct, or the application will be returned to you in the manner in which it was received, per AS 04.11.270 and 3 AAC 304.105. The Community Council field only should be verified/completed by licensees whose establishments are located within the Municipality of Anchorage or outside of city limits within the Matanuska-Susitna Borough.

**This form must be completed and submitted to AMCO's main office before any license renewal application will be reviewed. Receipt and/or processing of renewal payments by AMCO staff neither indicates nor guarantees that an application will be considered complete, or that a license will be renewed.**

**Section 1 – Establishment and Contact Information**

Enter information for the business seeking to have its license renewed. If any populated information is incorrect, please contact AMCO.

Licensee:	Brannon Rentals LLC	License #:	1405
License Type:	Package Store		
Doing Business As:	Dillingham Liquor Store		
Premises Address:	312 Main Street East		
Local Governing Body:	City of Dillingham		
Community Council:	None		

Mailing Address:	PO Box 91006		
City:	Anchorage,	State:	AK
		ZIP:	99509

Enter information for the individual who will be designated as the primary point of contact regarding this application. This individual **must be a licensee** who is required to be listed in and authorized to sign this application.

Contact Licensee:	MICHAEL J. KEENAW	Contact Phone:	907 229 4064
Contact Email:	mjkathy49@gmail.com		

**Optional:** If you wish for AMCO staff to communicate with an individual who is not a licensee named on this form (eg: legal counsel) about this application and other matters pertaining to the license, please provide that person's contact information in the fields below.

Name of Contact:		Contact Phone:	
Contact Email:			



# Form AB-17b: 2020/2021 Package Store Renewal License Application

## Section 2 – Entity or Community Ownership Information

Licensees who directly hold a license as an individual or individuals should skip to Section 3. General partnerships and local governments should skip to the second half of this page. All licensees that are **corporations** or **LLCs** must complete this section. Corporations and LLCs are required to be in good standing with the Alaska Division of Corporations, Business & Professional Licensing (CBPL). The CBPL Entity # below is **neither** your EIN/tax ID number, **nor** your business license number. **You may view your entity's status or find your CBPL entity number by vising the following site: <https://www.commerce.alaska.gov/cbp/main/search/entities>**

Alaska CBPL Entity #:	889490
-----------------------	--------

You must ensure that you are able to certify the following statement before signing your initials in the box to the right: Initials

I certify that this entity is in good standing with CBPL and that all current entity officials and stakeholders (listed below) are also currently and accurately listed with CBPL.

This subsection must be completed by any **community** or **entity**, including a corporation, limited liability company, partnership, or limited partnership, that is applying for renewal. If more space is needed, please attach additional completed copies of this page.

- If the applicant is a **corporation**, the following information must be completed for each **shareholder who owns 10% or more** of the stock in the corporation, and for each **president, vice-president, secretary, and managing officer**.
- If the applicant is a **limited liability organization**, the following information must be completed for each **member with an ownership interest of 10% or more**, and for each **manager**.
- If the applicant is a **partnership**, including a limited partnership, the following information must be completed for each **partner with an interest of 10% or more**, and for each **general partner**.

**Important Note:** The information provided in the below fields (including spelling of names, specific titles, and percentages held) must match that which is listed with CBPL. If one individual holds multiple titles mentioned in the bullets above, all titles must be listed for that individual on this application and with CBPL. Failure to list all required titles constitutes an incomplete application. **You must list ALL of your qualifying officials, additional copies of this page or a separate sheet of paper may be submitted if necessary.**

Name of Official:	MICHAEL J. KEENAN			
Title(s):	MEMBER/MANAGER	Phone:	907 229 4664	% Owned: 100
Mailing Address:	PO BOX 91006			
City:	ANCHORAGE	State:	AK	ZIP: 99509

Name of Official:				
Title(s):		Phone:		% Owned:
Mailing Address:				
City:		State:		ZIP:

Name of Official:				
Title(s):		Phone:		% Owned:
Mailing Address:				
City:		State:		ZIP:



# Form AB-17b: 2020/2021 Package Store Renewal License Application

## Section 3 – Sole Proprietor Ownership Information

Entities, such as corporations or LLCs, should skip this section. This section must be completed by any licensee who directly holds the license as an **individual or multiple individuals** and is applying for license renewal. If more space is needed, please attach a separate sheet that includes all of the required information.

The following information must be completed for each licensee and each affiliate.

This individual is an:  applicant  affiliate

Name:				Contact Phone:	
Mailing Address:					
City:		State:		ZIP:	
Email:					

This individual is an:  applicant  affiliate

Name:				Contact Phone:	
Mailing Address:					
City:		State:		ZIP:	
Email:					

## Section 4 – Alcohol Server Education

Read the line below, and then sign your initials in the box to the right of the statement:

Initials

I certify that all licensees, agents, and employees who sell or serve alcoholic beverages or check identification of a patron have completed an alcohol server education course approved by the ABC Board and keep current, valid copies of their course completion cards on the licensed premises during all working hours, as set forth in AS 04.21.025 and 3 AAC 304.465.

## Section 5 – License Operation

Check a **single box** for each calendar year that best describes how this liquor license was operated:

2018    2019

The license was regularly operated continuously throughout each year.

The license was regularly operated during a specific season each year.

The license was only operated to meet the minimum requirement of 240 total hours each calendar year.

*If this box is checked, a complete copy of Form AB-30: Proof of Minimum Operation Checklist, and all necessary documentation must be provided with this application.*

The license was not operated at all or was not operated for at least the minimum requirement of 240 total hours each year, during one or both of the calendar years.

*If this box is checked, a complete copy of Form AB-29: Waiver of Operation Application and corresponding fees must be submitted with this application for each calendar year during which the license was not operated for at least the minimum requirement, unless a complete copy of the form (including fees) has already been submitted for that year.*



# Form AB-17b: 2020/2021 Package Store Renewal License Application

## Section 6 – Written Orders

Written orders in calendar years 2020 and 2021:

Yes No

Do you intend to sell alcoholic beverages and ship them to another location in response to written solicitation in calendar years 2020 and/or 2021?

Yes  No

## Section 7 – Violations and Convictions

Applicant violations and convictions in calendar years 2018 and 2019:

Yes No

Have any notices of violation (NOVs) been issued for this license in the calendar years 2018 or 2019?

Yes  No

Has any person or entity named in this application been convicted of a violation of Title 04, of 3 AAC 304, or a local ordinance adopted under AS 04.21.010 in the calendar years 2018 or 2019?

Yes  No

If "Yes" to either of the previous two questions, attach a separate page to this application listing all NOVs and/or convictions.

## Section 8 – Certifications

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that all current licensees (as defined in AS 04.11.260) and affiliates have been listed on this application, and that in accordance with AS 04.11.450, no one other than the licensee(s) has a direct or indirect financial interest in the licensed business.

MK

I certify that I have not altered the functional floor plan or reduced or expanded the area of the licensed premises, and I have not changed the business name or the ownership (including officers, managers, general partners, or stakeholders) from what is currently approved and on file with the Alcoholic Beverage Control (ABC) Board.

MK

I certify on behalf of myself or of the organized entity that I understand that providing a false statement on this form or any other form provided by AMCO is grounds for rejection or denial of this application or revocation of any license issued.

MK

As an applicant for a liquor license renewal, I declare under penalty of perjury that I have read and am familiar with AS 04 and 3 AAC 304, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Alcoholic Beverage Control Board or AMCO staff in support of this application and understand that failure to do so by any deadline given to me by AMCO staff will result in this application being returned to me as incomplete.

Michael J. Keenan  
Signature of licensee

SEE ATTACHMENT  
Signature of Notary Public

MICHAEL J. KEENAN  
Printed name of licensee

Notary Public in and for the State of \_\_\_\_\_

My commission expires: \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Seasonal License?  Yes  No

If "Yes", write your six-month operating period: \_\_\_\_\_

License Fee:	\$ 1500.00	Application Fee:	\$ 300.00	TOTAL:	\$ 1800.00
Miscellaneous Fees:					
GRAND TOTAL (if different than TOTAL):					

# JURAT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

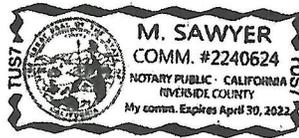
State of California

County of Riverside

Subscribed and sworn to (or affirmed) before me on this 1st day of November,  
2019 by Michael J Keenan

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

M Sawyer Notary Public  
Signature (Seal)



## OPTIONAL INFORMATION

### DESCRIPTION OF THE ATTACHED DOCUMENT

Renewal License  
(Title or description of attached document)

Application  
(Title or description of attached document continued)

Number of Pages 4 Document Date 11/1/19

Additional information

## INSTRUCTIONS

The wording of all Jurats completed in California after January 1, 2015 must be in the form as set forth within this Jurat. There are no exceptions. If a Jurat to be completed does not follow this form, the notary must correct the verbiage by using a jurat stamp containing the correct wording or attaching a separate jurat form such as this one with does contain the proper wording. In addition, the notary must require an oath or affirmation from the document signer regarding the truthfulness of the contents of the document. The document must be signed AFTER the oath or affirmation. If the document was previously signed, it must be re-signed in front of the notary public during the jurat process.

- State and county information must be the state and county where the document signer(s) personally appeared before the notary public.
- Date of notarization must be the date the signer(s) personally appeared which must also be the same date the jurat process is completed.
- Print the name(s) of the document signer(s) who personally appear at the time of notarization.
- Signature of the notary public must match the signature on file with the office of the county clerk.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different jurat form.
  - ❖ Additional information is not required but could help to ensure this jurat is not misused or attached to a different document.
  - ❖ Indicate title or type of attached document, number of pages and date.
- Securely attach this document to the signed document with a staple.

A notice of violation was issued to an employee on April 3, 2019 for not having a valid server education card. She promptly obtained a card and the matter was dropped. A conviction did not result and no further action was taken.

AMCO  
NOV - 4 2019

Department of Commerce, Community, and Economic Development  
**CORPORATIONS, BUSINESS &  
PROFESSIONAL LICENSING**

State of Alaska / Commerce / Corporations, Business, and Professional Licensing / Search & Database  
Download / Corporations / Entity Details

## ENTITY DETAILS

### Name(s)

Type	Name
Legal Name	BRANNON RENTALS, LLC

**Entity Type:** Limited Liability Company

**Entity #:** 88949D

**Status:** Good Standing

**AK Formed Date:** 10/11/2004

**Duration/Expiration:** Perpetual

**Home State:** ALASKA

**Next Biennial Report Due:** 1/2/2020 File Biennial Report

**Entity Mailing Address:** PO BOX 91006, ANCHORAGE, AK 99509-1006

**Entity Physical Address:** 312 MAIN STREET, DILLINGHAM, AK 99576

### Registered Agent

**Agent Name:** Michael J Keenan

**Registered Mailing Address:** PO BOX 91006, ANCHORAGE, AK 99509

**Registered Physical Address:** 312 MAIN ST E, DILLINGHAM, AK 99576

### Officials

Show Former

AK Entity #	Name	Titles	Owned
	MICHAEL J. KEENAN	Member, Manager	100.00

## Filed Documents

Date Filed	Type	Filing	Certificate
10/11/2004	Creation Filing	<a href="#">Click to View</a>	
11/02/2005	Biennial Report	<a href="#">Click to View</a>	
12/23/2009	Biennial Report	<a href="#">Click to View</a>	
8/18/2010	Biennial Report	<a href="#">Click to View</a>	
8/23/2010	Change of Officials	<a href="#">Click to View</a>	
10/01/2010	Agent Change	<a href="#">Click to View</a>	
11/15/2010	Change of Officials	<a href="#">Click to View</a>	
5/09/2011	Change of Officials	<a href="#">Click to View</a>	
5/01/2012	Biennial Report	<a href="#">Click to View</a>	
10/23/2013	Change of Officials	<a href="#">Click to View</a>	
5/15/2014	Biennial Report	<a href="#">Click to View</a>	
7/06/2015	Agent Change	<a href="#">Click to View</a>	
11/02/2015	Biennial Report	<a href="#">Click to View</a>	
2/05/2016	Change of Officials	<a href="#">Click to View</a>	
1/28/2018	Biennial Report	<a href="#">Click to View</a>	

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