

HOUSE BILL NO. 3006

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - THIRD SPECIAL SESSION

BY REPRESENTATIVES TARR, Drummond

Introduced: 8/30/21

Referred: House Special Committee on Ways and Means, State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to a state sales and use tax; relating to sales and use taxes levied by**
2 **municipalities; authorizing the Department of Revenue to enter into the Streamlined**
3 **Sales and Use Tax Agreement; and providing for an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 28.10.021(a) is amended to read:

6 (a) The owner of a vehicle subject to registration shall apply for registration
7 under this chapter by properly completing the form prescribed by the commissioner
8 under AS 28.05.041. Before the issuance of a certificate of registration by the
9 department, the owner shall

10 (1) pay all registration fees and taxes required under this chapter,
11 [AND] federal heavy vehicle use taxes required under 26 U.S.C. 4481 (Internal
12 Revenue Code of 1954), **and the sales or use tax levied under AS 43.44.010;**

13 (2) unless the owner qualifies as a self-insurer under AS 28.20.400 or
14 is exempted from obtaining liability insurance under AS 28.22.011, certify to the

department the existence of a motor vehicle liability policy that complies with AS 28.22.011 for the vehicle being registered; in this paragraph, "certify" means to indicate by check-off on the vehicle registration form prescribed by the department the existence of a policy of insurance, if a policy is required at that time, and the intention to continue the policy or obtain a policy as required by this subsection; and

(3) comply with other applicable statutes and regulations.

* **Sec. 2.** AS 29.10.200(56) is amended to read:

(56) **AS 29.45.650** [AS 29.45.650(c), (d), (e), (f), (i), (j), AND (k)]
(sales and use tax);

* **Sec. 3.** AS 29.10.200(57) is amended to read:

(57) **AS 29.45.700** [AS 29.45.700(d), (e), AND (g)] (sales and use tax);

* **Sec. 4.** AS 29.10.200 is amended by adding a new paragraph to read:

(68) AS 29.45.655 (specific taxes on property and services).

* **Sec. 5.** AS 29.35.110(a) is amended to read:

(a) Borough revenues received through taxes **levied** [COLLECTED] on an areawide basis by the borough may be expended on general administrative costs and on areawide functions only. Borough revenues received through taxes **levied** [COLLECTED] on a nonareawide basis may be expended on general administrative costs and functions that render service only to the area outside all cities in the borough.

* **Sec. 6.** AS 29.35.110(c) is amended to read:

(c) Notwithstanding (a) of this section, a borough that has entered into an agreement with a city located in the borough to cooperatively or jointly provide for economic development may use borough revenue from taxes, whether **levied** [COLLECTED] on an areawide or nonareawide basis, to carry out the terms of the agreement.

* **Sec. 7.** AS 29.35.170 is amended to read:

Sec. 29.35.170. Assessment and collection of taxes. (a) A borough shall assess and collect property [, SALES, AND USE] taxes that are levied in its boundaries, subject to AS 29.45.

(b) Taxes, other than general sales and use taxes, levied by a city shall be collected by a borough and returned in full to the levying city. This subsection applies to home rule and general law municipalities.

* **Sec. 8.** AS 29.35.170 is amended by adding a new subsection to read:

(c) Notwithstanding (a) and (b) of this section, AS 29.45.650(c), and AS 43.44.020(c), a municipality that levies a general sales and use tax may collect the municipality's general sales and use tax through December 31, 2022. The state shall assume responsibility for levying and collecting a municipal general sales and use tax on July 1, 2022, unless requested to do so earlier by a municipality that has conformed its tax base, including exemptions, definitions, and sourcing rules, to AS 43.44.

* **Sec. 9.** AS 29.45.650(a) is repealed and reenacted to read:

(a) Except as provided in AS 29.45.750, a borough may levy a general sales tax on the sale and rental of tangible or intangible property and on services provided in the borough. The borough may only levy sales tax on a purchaser.

* **Sec. 10.** AS 29.45.650(b) is repealed and reenacted to read:

(b) A borough levying a general sales tax may levy a use tax on the storage, use, or consumption of tangible personal property and on services provided in the borough. The use tax rate must equal the sales tax rate, and the borough may only levy a use tax on a purchaser.

* **Sec. 11.** AS 29.45.650(c) is repealed and reenacted to read:

(c) Under AS 43.44 and subject to AS 43.44.020, the state shall administer and collect a tax authorized under this section. The tax base, including exemptions to, definitions for, and sourcing rules for a tax authorized under this section, must be identical to that provided in AS 43.44.

* **Sec. 12.** AS 29.45 is amended by adding a new section to read:

Sec. 29.45.655. Specific taxes on property and services. A borough may levy and collect specific sales or excise taxes on single categories of tangible or intangible property or services, such as bed taxes, car rental taxes, liquor taxes, cigarette taxes, motor fuel taxes, and fish taxes.

* **Sec. 13.** AS 29.45.660(a) is amended to read:

(a) If the borough levies [AND COLLECTS] only a general sales tax and use

1 tax, the assembly shall provide a notice substantially in the form set out in
 2 AS 29.45.020. In providing notice under this subsection, the assembly shall substitute
 3 for the millage equivalency its estimate of the equivalent sales tax rate for each of the
 4 categories of financial assistance set out in AS 29.45.020. Notice shall be provided on
 5 the Internet website of the borough and

6 (1) by publishing in a newspaper of general circulation in the borough
 7 a copy of the notice once each week for a period of three successive weeks, with
 8 publication to occur not later than 45 days after the final adoption of the borough's
 9 budget; or

10 (2) if there is no newspaper of general circulation in the borough, by
 11 posting a copy of the notice for at least 20 days in at least two public places in the
 12 borough, with posting to occur not later than 45 days after the final adoption of the
 13 borough's budget.

14 * **Sec. 14.** AS 29.45.700 is repealed and reenacted to read:

15 **Sec. 29.45.700. Power of levy.** A city may levy a sales and use tax in the
 16 manner provided for boroughs under AS 29.45.650 - 29.45.660 and subject to the
 17 same limitations.

18 * **Sec. 15.** AS 29.45.750(b) is amended to read:

19 (b) A municipality that levies [AND COLLECTS] a sales tax on mobile
 20 telecommunications services shall do so in accordance with the provisions of 4 U.S.C.
 21 116 - 126 (Mobile Telecommunications Sourcing Act).

22 * **Sec. 16.** AS 29.45.810(a) is amended to read:

23 (a) A party to a contract approved by the legislature as a result of submission
 24 of a proposed contract developed under AS 43.82 or as a result of acts by the
 25 legislature in implementing the purposes of AS 43.82, and the property, gas, products,
 26 and activities associated with the approved qualified project that is subject to the
 27 contract, are exempt, as specified in the contract, from all taxes identified in the
 28 contract that would be levied [AND COLLECTED] by a municipality under state law
 29 as a consequence of the participation by the party in the approved qualified project.

30 * **Sec. 17.** AS 43.05.240(a) is amended to read:

31 (a) A taxpayer aggrieved by the action of the department in fixing the amount

of a tax or penalty or the revocation or suspension of a seller's permit or a resale exemption certificate issued under AS 43.44.090 or 43.44.110 may apply to the department within 60 days after the date of mailing of the notice required to be given to the taxpayer by the department, giving notice of the grievance, and requesting an informal conference to be scheduled with an appeals officer. The taxpayer shall be given access to the taxpayer's file in the department in the matter for preparation for the informal conference. At the informal conference, the taxpayer may present to the appeals officer arguments and evidence relevant to the amount of tax or penalty due the state. If the department determines that a correction is warranted, the department shall make the correction.

* **Sec. 18.** AS 43 is amended by adding a new chapter to read:

Chapter 44. Sales and Use Tax.

Article 1. Levy and Collection of the Tax.

Sec. 43.44.010. Levy of sales and use tax. (a) A sales tax of two percent of the sales price is levied on the

(1) sale or lease of tangible personal property; or

(2) sale of services.

(b) A use tax of two percent of the sales price is levied on the person using

(1) tangible personal property acquired on or after July 1, 2022, and

(A) acquired outside this state as the result of a transaction that would have been subject to the sales tax had it occurred in this state; or

(B) acquired by a purchaser for a use that was exempt under AS 43.44.070 but later converted to a use that is subject to sales tax; or

(2) services in this state that would be subject to a sales tax if purchased in this state.

Sec. 43.44.020. Collection of municipal sales and use tax by the department. The department shall collect municipal sales and use taxes levied under AS 29.45.650 or 29.45.700 and remit the proceeds to the municipality. The provisions of AS 43.05 and AS 43.10 apply to the enforcement and collection of sales and use taxes levied under AS 29.45.650 or 29.45.700.

Sec. 43.44.030. Collection of sales tax by sellers; use tax responsibility. (a)

1 The tax described in AS 43.44.010(a) is imposed on the purchaser. However, a seller
 2 shall collect the tax and pay the tax to the department as provided in AS 43.44.170. A
 3 seller shall hold all taxes collected in trust for the state. A seller shall apply the tax to
 4 the sales price.

5 (b) The purchaser of property or services subject to the tax described in
 6 AS 43.44.010(b) is responsible for payment of the tax at the time of the first use of the
 7 property or service in the state.

8 **Sec. 43.44.040. Value, timing.** (a) If a sales price is less than the value of
 9 property or a service purchased or if a sale did not occur but tax is due under this
 10 chapter, the use tax shall be imposed on the untaxed value of the property or service.

11 (b) The sales price of property or a service must be determined at the time of
 12 acquisition, introduction into this state, or conversion to use, whichever is latest.

13 **Sec. 43.44.050. Separate statement of tax; no advertising to absorb or**
 14 **refund tax.** (a) If a seller collects a tax in excess of the tax imposed by
 15 AS 43.44.010(a), the seller shall remit the excess to the department.

16 (b) A seller collecting the tax imposed by AS 43.44.010(a) shall separately
 17 state the sales tax for all sales, except for sales from vending machines, sales of drinks
 18 in a bar, sales from street vending carts, games of chance, admission fees, taxi fares,
 19 and other sales determined by regulation by the department.

20 (c) A seller may not advertise, hold out, or state to the public or to a customer
 21 that the person will absorb or refund the tax imposed by AS 44.43.010(a).

22 **Sec. 43.44.060. Liability of user for payment of use tax.** A person in this
 23 state who uses property subject to the tax under this chapter is liable to the state for
 24 payment of the tax on the sales price of the property if the tax has not been paid. The
 25 liability imposed by this section is discharged when the person pays the sales or use
 26 tax to the seller for payment to the department.

27 **Article 2. Exemptions.**

28 **Sec. 43.44.070. Exemptions.** (a) A sale by, sale to, or use by
 29 (1) the United States is exempt from a tax imposed under this chapter;
 30 (2) the state or an instrumentality of the state, as that term is defined in
 31 AS 39.52.960, is exempt from a tax imposed under this chapter; this paragraph does

not apply to a municipality, an unincorporated community, an Indian tribe included on the list published under 25 U.S.C. 5131, or a foreign government; in this paragraph, "unincorporated community" means a place that is not incorporated as a city and in which 25 or more persons reside as a social unit;

(3) a corporation that is exempt from taxation under 26 U.S.C. 501(c)(3) (Internal Revenue Code) is exempt from a tax imposed under this chapter unless the property or service is used in the generation of unrelated business taxable income as defined in 26 U.S.C. 512;

(4) a municipality is exempt from a tax imposed under this chapter, except that sales by utilities are not exempt under this subsection.

(b) A sale of a state license or permit is exempt from a tax imposed under this chapter.

(c) Union dues paid to an organization that is exempt from taxation under 26 U.S.C. 501(c)(5) (Internal Revenue Code) are exempt from a tax imposed under this chapter.

(d) A sale of food for human consumption off the premises where the food is sold is exempt from the sales tax and use tax. The exemption in this subsection does not apply to prepared foods sold by a business if more than 50 percent of food sold by the business is consumed on premises. In this subsection, "food"

(1) means a substance, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that is sold for ingestion or chewing by humans and is consumed for its taste or nutritional value;

(2) does not include alcoholic beverages, tobacco, marijuana, or products containing marijuana.

(e) The following intangible items are exempt from a tax imposed under this chapter:

(1) wages, salaries, commissions, tips, and any other form of remuneration for personal services if paid by an employer to an employee; the terms used in this paragraph have the meanings given in 26 U.S.C. 3121 (Internal Revenue Code);

(2) interest on money loaned or deposited;

(3) dividends or interest from stocks, bonds, or securities;

(4) proceeds from the sale of stocks, bonds, or securities; and

(5) other intangible items designated by regulation.

(f) The following fees or charges related to financial services are exempt from a tax imposed under this chapter:

(1) fees for services associated with a deposit account;

(2) fees for purchases of cashier's checks, money orders, traveler's checks, currency, and similar products used for payment and transfer of funds;

(3) loan fees or charges;

(4) service charges related to the sale or purchase of financial instruments including stocks, bonds, and securities; and

(5) other financial services, fees, or charges designated by regulation.

(g) An isolated or occasional sale or lease of property or the performance of a service by a person who is not regularly engaged in the business of selling or leasing that type of property or service is exempt from a tax imposed under this chapter. Occasional sales include sales that are not continuous and that are made for the purpose of fundraising by a nonprofit organization.

(h) Personal or household effects brought into the state for the establishment by the individual of an initial residence in the state and the use by a nonresident of property brought into the state for the nonresident's own nonbusiness use while temporarily in the state are exempt from a tax imposed under AS 43.44.010(b).

(i) A sale for resale and the cost of transportation associated with a sale for resale is exempt from a tax imposed under this chapter if the purchaser presents, at the time of the sale, a resale exemption certificate issued under AS 43.44.110 and the resale will be

(1) made in the ordinary course of business of the reseller; and

(2) subject to the tax imposed under AS 43.44.010(a).

(j) Services among affiliated persons that report their income under 26 U.S.C. (Internal Revenue Code) on a single consolidated return are exempt from a tax imposed under this chapter.

(k) A transaction between the holders of a joint interest, or between the

1 partners in a business partnership, is exempt from a tax imposed under this chapter.

2 (l) The sale, lease, or construction of real property is exempt from a tax
3 imposed under this chapter. For purposes of this subsection, the sale or transportation
4 of tangible personal property that is later converted to real property is taxable under
5 this chapter unless the conversion is part of the construction of real property or
6 construction of an addition to real property.

7 (m) Fuel sold for use in jet propulsion aircraft operating in flights to or from
8 foreign countries is exempt from a tax imposed under this chapter.

9 (n) Insurance premiums subject to the tax imposed under AS 21.09.210 are
10 exempt from a tax imposed under this chapter.

11 (o) The transport, handling, storage, drayage, packing, or other related service
12 of property is exempt from a tax imposed under this chapter if the property is being
13 transported in interstate or foreign commerce.

14 (p) The following health care services and related items are exempt from a tax
15 imposed under this chapter:

16 (1) health care services provided by a person licensed or certified to
17 provide those services under AS 08 or by a health care facility as defined in
18 AS 08.68.700(g);

19 (2) drugs, durable medical equipment, mobility enhancing equipment,
20 and prosthetic devices prescribed by a person licensed to prescribe those goods under
21 AS 08 or obtained from a health care facility as defined in AS 08.68.700(g).

22 (q) Child care services are exempt from a tax imposed under this chapter.

23 (r) Feminine hygiene products are exempt from a tax imposed under this
24 chapter. In this subsection, "feminine hygiene products" means tampons, panty liners,
25 menstrual cups, sanitary napkins, and other similar tangible personal property
26 designed for feminine hygiene in connection with the human menstrual cycle.

27 (s) Heating oil is exempt from a tax imposed under this chapter.

28 **Article 3. Credits, Tax Collection and Payment, Seller's Permit, Resale Exemption.**

29 **Sec. 43.44.080. Tax credit for sales or use tax paid to another state.** A
30 purchaser liable for sales or use tax on tangible personal property or services is
31 entitled to a full credit for the amount of sales or use tax paid to another state on the

1 tangible personal property or services.

2 **Sec. 43.44.090. Seller's permit.** (a) Before engaging in business in this state, a
3 person shall obtain a seller's permit.

4 (b) An application for a seller's permit must be on a form or in a format
5 prescribed by the department and must set out the name under which the applicant
6 intends to transact business, the location of the applicant's place or places of business,
7 and other information that the department may require. If the owner is

8 (1) a natural person, the owner shall file the application;

9 (2) an association or partnership, a member or partner shall file the
10 application;

11 (3) a corporation, a person authorized to sign the application shall file
12 the application.

13 (c) If the person has more than one place of business, an application may
14 include multiple locations. A vending machine operator who has more than one
15 vending machine location is considered to have only one place of business for
16 purposes of this section. An applicant who does not have a single place of business
17 and who moves from place to place is considered to have only one place of business
18 and shall attach the seller's permit to the applicant's cart, stand, truck, or other
19 merchandising device.

20 (d) The department shall issue to an eligible applicant a numbered seller's
21 permit that the person may use in paper or electronic form. A seller's permit is valid
22 until revoked or suspended and is not assignable. A seller's permit is valid only for the
23 person in whose name the permit is issued. A copy of the seller's permit must be
24 conspicuously displayed at all times at the place of business for which the permit is
25 issued.

26 **Sec. 43.44.100. Exempt resales.** Sales for resale are exempt from the tax
27 under this chapter. A person making a sale for resale must have an exemption
28 certificate issued under AS 43.44.110 and must present the certificate at the time of
29 the sale for resale. In this section, "sale for resale" means the sale of tangible personal
30 property to a buyer whose principal business is the resale of property, whether in the
31 same or an altered form.

1 **Sec. 43.44.110. Resale exemption certificate.** (a) The department shall issue a
 2 resale exemption certificate to a person that has obtained a seller's permit under
 3 AS 43.44.090. The resale exemption certificate must be in both paper and electronic
 4 form.

5 (b) The resale exemption certificate must include

6 (1) the number of the seller's permit issued to the person as provided in
 7 AS 43.44.090;

8 (2) the general character of property or service sold by the person in
 9 the regular course of business;

10 (3) the name and address of the person; and

11 (4) the signature or electronic signature of the person.

12 (c) The department may prescribe the format for a resale exemption
 13 certificate.

14 **Sec. 43.44.120. Revocation or suspension of a seller's permit or resale**
 15 **exemption certificate.** (a) The department may revoke or suspend a seller's permit or
 16 resale exemption certificate, or both the seller's permit and resale exemption
 17 certificate, held by a person who fails to comply with the provisions of this chapter.

18 (b) A person aggrieved by a decision of the department to revoke or suspend a
 19 seller's permit or resale exemption certificate under (a) of this section may appeal the
 20 decision under AS 43.05.240 - 43.05.430.

21 (c) If a seller's permit or resale exemption certificate is revoked, the
 22 department may not issue a new seller's permit or resale exemption certificate except
 23 upon application accompanied by reasonable evidence of the intention of the applicant
 24 to comply with the provisions of this chapter. The department may, as a condition for
 25 the issuance of a new seller's permit to the applicant, require security in addition to
 26 that authorized by AS 43.44.210 in an amount reasonably necessary to ensure
 27 compliance with this chapter.

28 **Sec. 43.44.130. Improper use of purchase obtained with resale exemption**
 29 **certificate; penalty.** A person who intentionally uses a resale exemption certificate
 30 for property that is used for purposes other than the purpose claimed is subject to a
 31 penalty, payable to the department, of \$100 or 100 percent of the tax due, whichever is

greater, for each transaction in which an improper use of the resale exemption certificate has occurred. The penalty under this subsection is in addition to tax, interest, or other penalties due.

Sec. 43.44.140. Commingling resale exemption certificate property. If a person uses a resale exemption certificate for the purchase of tangible personal property and commingles that property with property that was not purchased with a resale exemption certificate but that is so similar that the identity of the property in the commingled mass cannot be determined, sales from the mass of commingled property are considered to be sales of the property purchased with the resale exemption certificate until the quantity of commingled property sold equals the quantity of property originally purchased under the resale exemption certificate.

Sec. 43.44.150. Liability for payment of tax. (a) Liability for the payment of a tax imposed under this chapter is not extinguished until the taxes have been paid to the department.

(b) A seller is liable for the tax due under this chapter on all property sold and services provided in this state in accordance with this chapter and may be required to furnish adequate security as provided in AS 43.44.210 to ensure collection and payment of the taxes.

Sec. 43.44.160. Method of accounting. A person who has a seller's permit shall report and pay the tax due under this chapter using the same method of accounting that the person uses for federal tax purposes.

Sec. 43.44.170. Returns: payment. A seller responsible for collecting the sales tax due under AS 43.44.010(a) shall file a return on a form or in a format prescribed by the department and pay the tax due monthly. The seller shall file the return and pay the tax on or before the last day of the month following the month for which the tax is due. A person responsible for a use tax under AS 43.44.010(b) that has not been collected shall file a return and pay the tax within one month of the tax becoming due.

Sec. 43.44.180. Methods. (a) The department shall adopt regulations providing a rounding method for payment of a tax imposed under this chapter.

(b) The department may use sampling principles or methods instead of

1 examining 100 percent of records in conducting an audit of a return filed under
2 AS 43.44.170.

3 **Sec. 43.44.190. Deduction for bad debts.** (a) A person filing a return under
4 AS 43.44.170 may deduct sales found to be worthless. The bad debt may be deducted
5 when it

6 (1) is written off as uncollectable in the person's books and records;
7 and

8 (2) qualifies as a deduction for federal income tax purposes under 26
9 U.S.C. (Internal Revenue Code).

10 (b) If the amount of bad debt exceeds the amount of taxable sales or leases
11 during the period that the bad debt is written off, a person may file a refund claim with
12 the department.

13 (c) If a bad debt deducted under (a) of this section is later collected, the person
14 who claimed the deduction shall pay the tax levied under AS 43.44.010 on the amount
15 collected. For purposes of this section, a payment made on a debt or account is applied
16 first to the sales price of the property or service, then to interest, service charges, and
17 any other charges.

18 **Sec. 43.44.200. Timely filing allowance.** (a) A person filing a return under
19 AS 43.44.170 may claim an allowance in the amount of one percent of the tax or \$75 a
20 month, whichever is less, if the return is timely filed and the tax is timely paid.

21 (b) The allowance under (a) of this section may be deducted on the return.

22 **Sec. 43.44.210. Security: limitations; sale of security deposit at auction;**
23 **bond.** (a) The department may require a seller to deposit with the department security
24 in a form and amount that the department determines is appropriate. The deposit may
25 not be more than twice the estimated average tax liability under this chapter for the
26 period for which the return is required under AS 43.44.170 to be filed or \$10,000,
27 whichever is less. The department may increase or decrease the amount of security,
28 subject to the limitations provided in this section.

29 (b) The department may sell at public auction property deposited as security to
30 recover a tax amount required to be collected under this chapter, including interest and
31 penalties. Notice of the sale must be sent at least 30 days before the sale by certified

1 mail to the last known address of the person who deposited the security. After the sale,
 2 any surplus above the amount due that is not required as security under this section
 3 must be returned to the person who deposited the security.

4 (c) Instead of security, the department may require a seller to file a bond to
 5 guarantee solvency and responsibility issued by a surety company authorized to
 6 transact business in this state.

7 (d) In addition to the other requirements of this section, the department may
 8 require the corporate officers, directors, or shareholders of a seller corporation to
 9 provide a personal guaranty and assumption of liability for the payment of the tax due
 10 under this chapter.

11 **Sec. 43.44.220. Quitting business; liability of successor.** (a) Within 10 days
 12 after a person quits business, sells, exchanges, or otherwise transfers the business, or
 13 disposes of the complete stock of goods of the business, the person shall file a return
 14 and pay the taxes due under this chapter.

15 (b) Except as provided in (d) of this section, a successor in a business or stock
 16 of goods is liable for the payment of the full amount of tax and shall withhold from the
 17 sales price payable to the predecessor a sum sufficient to pay any tax due until the
 18 predecessor produces either a receipt from the department showing payment in full of
 19 any tax due or a statement from the department that tax is not due.

20 (c) If a tax is due but has not been paid as provided in (a) of this section, the
 21 successor is liable for the payment of the full amount of tax. The payment of the tax
 22 by the successor is considered to be a payment on the sales price and, if the payment is
 23 greater in amount than the sales price, the amount of the difference becomes a debt
 24 due to the successor from the taxpayer owing the tax under (a) of this section.

25 (d) A successor is not liable for any tax due under this section if the successor
 26 gives written notice to the department of the acquisition and the department does not
 27 issue an assessment against the predecessor within six months after receipt of the
 28 notice from the successor. If the department issues an assessment and a copy of the
 29 assessment is not mailed to the successor, the successor is not liable for the tax due.

30 (e) In this section, "predecessor" means a person that quits business, sells,
 31 exchanges, or otherwise transfers the business, or disposes of the complete stock of

1 goods of the business.

2 **Sec. 43.44.230. Tax as debt.** (a) The tax imposed by this chapter and related
3 interest and penalties become a personal debt of a person required to file a return
4 under AS 43.44.170 or a person required by the department to personally guarantee
5 the payment of taxes under this chapter from the time the liability arises, regardless of
6 when the time for payment of the liability occurs.

7 (b) If the personal representative of an estate has voluntarily distributed the
8 assets held in that capacity without reserving sufficient assets to pay the taxes due
9 under this chapter and interest and penalties resulting from taxes due under this
10 chapter, the personal representative is personally liable for the taxes, interest, and
11 penalties, to the extent permitted under AS 13.16.

12 (c) An officer or employee of a corporation whose duty it is to collect,
13 truthfully account for, and pay to the state the taxes imposed by this chapter and who
14 fails to pay the taxes is liable to the state for the taxes imposed by this chapter and the
15 penalty and interest due on the taxes.

16 **Article 4. General Provisions.**

17 **Sec. 43.44.250. Authority to enter Streamlined Sales and Use Tax**
18 **Agreement.** (a) The department shall enter into the Streamlined Sales and Use Tax
19 Agreement. To further the purposes of the Streamlined Sales and Use Tax Agreement,
20 the department may act jointly with other states that are members of the Streamlined
21 Sales and Use Tax Agreement to establish standards for certification of a certified
22 service provider and certified automated system and establish performance standards
23 for multistate sellers.

24 (b) The department shall adopt regulations to implement this chapter
25 consistent with the Streamlined Sales and Use Tax Agreement.

26 (c) The department may take other actions reasonably required to implement
27 this section.

28 (d) The department or the department's designee may represent this state
29 before the other states that are signatories to the Streamlined Sales and Use Tax
30 Agreement.

31 **Sec. 43.44.260. Electronic registration, filing, and forms.** (a) The

1 department may participate in any electronic sales and use tax registration system
 2 made available in cooperation with other states through the Streamlined Sales and Use
 3 Tax Agreement.

4 (b) The department may use and accept a standard electronic exemption form
 5 made available in cooperation with other states through the Streamlined Sales and Use
 6 Tax Agreement.

7 (c) The department may prescribe and provide for the use of forms,
 8 certificates, permits, and other documents required under this chapter in electronic
 9 format, including the use of electronic signatures and authentications, and for
 10 electronic filing.

11 **Sec. 43.44.300. Definitions.** In this chapter,

12 (1) "electronic signature" has the meaning given in AS 09.80.190;

13 (2) "engage in business" means carrying on or causing to be carried on
 14 an activity with the purpose of direct or indirect benefit;

15 (3) "lease" or "leasing," regardless of whether a transaction is
 16 characterized as a lease or rental under generally accepted accounting principles, 26
 17 U.S.C. (Internal Revenue Code), AS 45.01 - AS 45.08, AS 45.12, AS 45.14, and
 18 AS 45.29 (Uniform Commercial Code), or other provisions of federal, state, or local
 19 law,

20 (A) means

21 (i) a transfer of possession or control of tangible
 22 personal property for a fixed or indeterminate term for consideration; a
 23 lease may include future options to purchase;

24 (ii) an agreement covering motor vehicles and trailers if
 25 the amount of consideration may be increased or decreased by
 26 reference to the amount realized upon sale or disposition of the
 27 property as defined in 26 U.S.C. 7701(h)(1);

28 (B) does not include

29 (i) a transfer of possession or control of property under
 30 a security agreement or deferred payment plan that requires the transfer
 31 of title upon completion of the required payments;

(ii) a transfer of possession or control of property under an agreement that requires the transfer of title upon completion of required payments if payment of an option price does not exceed the greater of \$100 or one percent of the total required payments; or

(iii) the provision of tangible personal property along with an operator for a fixed or indeterminate period if the operator is necessary for the equipment to perform as designed, and the operator must do more than maintain, inspect, or set up the tangible personal property;

(4) "sales price"

(A) means the total amount of cash, credit, property, services, and other consideration, for which personal property or services are purchased, sold, or leased, valued in money, whether received in money or otherwise, without any deduction for the following:

(i) the seller's cost of the property sold;

(ii) the cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller;

(iii) charges by the seller for any services necessary to complete the sale, other than delivery and installation charges;

(iv) delivery charges;

(v) installation charges;

(vi) the value of exempt personal property given to the purchaser where taxable and exempt personal property have been bundled together and sold by the seller as a single product or piece of merchandise;

(B) does not include

(i) discounts, including cash, term, or coupons that are not reimbursed by a third party that are allowed by a seller and taken by a purchaser on a sale;

(ii) interest, financing, and carrying charges from credit

extended on the sale of personal property or services if the amount is separately stated on the invoice, bill of sale, or similar document given to the purchaser; and

(iii) taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document given to the purchaser;

(5) "service" means an activity that is engaged in for another person for consideration but that is not the sale or lease of property;

(6) "tangible personal property" means personal property that can be seen, weighed, measured, felt, or touched, or that is in another manner perceptible to the senses;

(7) "use" or "using" includes use, consumption, or storage, but does not include storage for resale or for use solely outside this state in the ordinary course of business.

*** Sec. 19.** AS 44.64.030(a) is amended by adding a new paragraph to read:

(52) AS 43.44 (sales and use tax).

*** Sec. 20.** AS 29.45.650(f), 29.45.650(h), 29.45.650(i), 29.45.650(j), and 29.45.650(k) are repealed.

*** Sec. 21.** Section 4, ch. 100, SLA 2002, as repealed and reenacted by sec. 9, ch. 117, SLA 2003, and sec. 2, ch. 30, SLA 2005, is repealed and reenacted to read:

Sec. 4. AS 29.45.650(a) is amended to read:

(a) Except as provided in AS 04.21.010(c) [AND AS 29.45.750], a borough may levy a general sales tax on the sale and rental of tangible or intangible property and on services provided in the borough. The borough may only levy sales tax on a purchaser.

*** Sec. 22.** The uncoded law of the State of Alaska is amended by adding a new section to read:

TRANSITIONAL PROVISIONS. (a) The Department of Revenue may adopt regulations necessary to implement this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the provision being implemented.

1 (b) Notwithstanding AS 29.45.650(c), as repealed and reenacted by sec. 11 of this
2 Act, a municipality that imposes a general sales and use tax is not required to conform its tax
3 base, including exemptions, definitions, and sourcing rules, to AS 43.44, added by sec. 18 of
4 this Act, until July 1, 2022.

5 (c) Services under a contract executed and paid in full before the effective date of sec.
6 18 of this Act and performed within 12 months after the effective date of sec. 18 of this Act
7 are exempt from the sales tax and use tax.

8 (d) A person may apply for, and the Department of Revenue may issue, a seller's
9 permit under AS 43.44.090 or a resale exemption certificate under AS 43.44.110 before the
10 effective date of sec. 18 of this Act to be effective on or after the effective date of sec. 18 of
11 this Act.

12 * **Sec. 23.** Section 22 of this Act takes effect immediately under AS 01.10.070(c).

13 * **Sec. 24.** Except as provided in sec. 23 of this Act, this Act takes effect July 1, 2022.