

HOUSE BILL NO. 142

IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTY-THIRD LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE CARPENTER

Introduced: 3/27/23

Referred: House Special Committee on Ways and Means, Finance

A BILL

FOR AN ACT ENTITLED

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

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

6 (3) comply with other applicable statutes and regulations.

7 * **Sec. 2.** AS 43.05.240(a) is amended to read:

8 (a) A taxpayer aggrieved by the action of the department in fixing the amount
 9 of a tax or penalty or the revocation or suspension of a seller's permit or a resale
 10 exemption certificate issued under AS 43.44.080 or 43.44.100 may apply to the
 11 department within 60 days after the date of mailing of the notice required to be given
 12 to the taxpayer by the department, giving notice of the grievance, and requesting an
 13 informal conference to be scheduled with an appeals officer. The taxpayer shall be
 14 given access to the taxpayer's file in the department in the matter for preparation for
 15 the informal conference. At the informal conference, the taxpayer may present to the
 16 appeals officer arguments and evidence relevant to the amount of tax or penalty due
 17 the state. If the department determines that a correction is warranted, the department
 18 shall make the correction.

19 * **Sec. 3.** AS 43 is amended by adding a new chapter to read:

20 **Chapter 44. Sales and Use Tax.**

21 **Article 1. Levy and Collection of the Tax.**

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

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

25 (2) sale of services.

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

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

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

30 (B) acquired by a purchaser for a use that was exempt under
 31 AS 43.44.060 but later converted to a use that is subject to sales tax; or

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

3 **Sec. 43.44.020. Collection of sales tax by sellers; use tax responsibility.** (a)
4 The tax described in AS 43.44.010(a) is imposed on the purchaser. However, a seller
5 shall collect the tax and pay the tax to the department as provided in AS 43.44.160. A
6 seller shall hold all taxes collected in trust for the state. A seller shall apply the tax to
7 the sales price.

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

11 **Sec. 43.44.030. Value, timing.** (a) If a sales price is less than the value of
12 property or a service purchased or if a sale did not occur but tax is due under this
13 chapter, the use tax shall be imposed on the untaxed value of the property or service.

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

16 **Sec. 43.44.040. Separate statement of tax; no advertising to absorb or**
17 **refund tax.** (a) If a seller collects a tax in excess of the tax imposed by
18 AS 43.44.010(a), the seller shall remit the excess to the department.

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

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

25 **Sec. 43.44.050. Liability of user for payment of use tax.** A person in this
26 state who uses property subject to the tax under this chapter is liable to the state for
27 payment of the tax on the sales price of the property if the tax has not been paid. The
28 liability imposed by this section is discharged when the person pays the sales or use
29 tax to the seller for payment to the department.

30 **Article 2. Exemptions.**

31 **Sec. 43.44.060. Exemptions.** (a) A sale by, sale to, or use by

1 (1) the United States is exempt from a tax imposed under this chapter;

2 (2) the state or an instrumentality of the state, as that term is defined in
3 AS 39.52.960, is exempt from a tax imposed under this chapter; this paragraph does
4 not apply to a municipality, an unincorporated community, an Indian tribe included on
5 the list published under 25 U.S.C. 5131, or a foreign government; in this paragraph,
6 "unincorporated community" means a place that is not incorporated as a city and in
7 which 25 or more persons reside as a social unit;

8 (3) a corporation that is exempt from taxation under 26 U.S.C.
9 501(c)(3) (Internal Revenue Code) is exempt from a tax imposed under this chapter
10 unless the property or service is used in the generation of unrelated business taxable
11 income as defined in 26 U.S.C. 512;

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

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

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

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

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

25 (2) interest on money loaned or deposited;

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

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

28 (5) other intangible items designated by regulation.

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

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

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

3 (3) loan fees or charges;

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

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

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

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

16 (h) A sale for resale and the cost of transportation associated with a sale for
17 resale is exempt from a tax imposed under this chapter if the purchaser presents, at the
18 time of the sale, a resale exemption certificate issued under AS 43.44.100 and the
19 resale will be

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

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

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

25 (j) A transaction between the holders of a joint interest, or between the
26 partners in a business partnership, is exempt from a tax imposed under this chapter.

27 (k) The sale, lease, or construction of real property is exempt from a tax
28 imposed under this chapter. For purposes of this subsection, the sale or transportation
29 of tangible personal property that is later converted to real property is taxable under
30 this chapter unless the conversion is part of the construction of real property or
31 construction of an addition to real property.

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

3 (m) Insurance premiums subject to the tax imposed under AS 21.09.210 are
4 exempt from a tax imposed under this chapter.

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

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

9 **Sec. 43.44.070. Tax credit for sales or use tax paid to another state.** A
10 purchaser liable for sales or use tax on tangible personal property or services is
11 entitled to a full credit for the amount of sales or use tax paid to another state on the
12 tangible personal property or services.

13 **Sec. 43.44.080. Seller's permit.** (a) Before engaging in business in this state, a
14 person shall obtain a seller's permit.

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

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

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

22 (3) a corporation, a person authorized to sign the application shall file
23 the application.

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

31 (d) The department shall issue to an eligible applicant a numbered seller's

1 permit. A seller's permit is valid until revoked or suspended and is not assignable. A
 2 seller's permit is valid only for the person in whose name the permit is issued. A copy
 3 of the seller's permit must be conspicuously displayed at all times at the place of
 4 business for which the permit is issued.

5 **Sec. 43.44.090. Exempt resales.** Sales for resale are exempt from the tax
 6 under this chapter. A person making a sale for resale must have an exemption
 7 certificate issued under AS 43.44.100 and must present the certificate at the time of
 8 the sale for resale. In this section, "sale for resale" means the sale of tangible personal
 9 property to a buyer whose principal business is the resale of property, whether in the
 10 same or an altered form.

11 **Sec. 43.44.100. Resale exemption certificate.** (a) The department shall issue a
 12 resale exemption certificate to a person that has obtained a seller's permit under
 13 AS 43.44.080. The resale exemption certificate must be in both paper and electronic
 14 form.

15 (b) The resale exemption certificate must include

16 (1) the number of the seller's permit issued to the person as provided in
 17 AS 43.44.080;

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

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

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

22 **Sec. 43.44.110. Revocation or suspension of a seller's permit or resale**
 23 **exemption certificate.** (a) The department may revoke or suspend a seller's permit or
 24 resale exemption certificate, or both the seller's permit and resale exemption
 25 certificate, held by a person who fails to comply with the provisions of this chapter.

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

29 (c) If a seller's permit or resale exemption certificate is revoked, the
 30 department may not issue a new seller's permit or resale exemption certificate except
 31 upon application accompanied by reasonable evidence of the intention of the applicant

1 to comply with the provisions of this chapter. The department may, as a condition for
 2 the issuance of a new seller's permit to the applicant, require security in addition to
 3 that authorized by AS 43.44.200 in an amount reasonably necessary to ensure
 4 compliance with this chapter.

5 **Sec. 43.44.120. Improper use of purchase obtained with resale exemption**
 6 **certificate; penalty.** A person who intentionally uses a resale exemption certificate
 7 for property that is used for purposes other than the purpose claimed is subject to a
 8 penalty, payable to the department, of \$100 or 100 percent of the tax due, whichever is
 9 greater, for each transaction in which an improper use of the resale exemption
 10 certificate has occurred. The penalty under this subsection is in addition to tax,
 11 interest, or other penalties due.

12 **Sec. 43.44.130. Commingling resale exemption certificate property.** If a
 13 person uses a resale exemption certificate for the purchase of tangible personal
 14 property and commingles that property with property that was not purchased with a
 15 resale exemption certificate but that is so similar that the identity of the property in the
 16 commingled mass cannot be determined, sales from the mass of commingled property
 17 are considered to be sales of the property purchased with the resale exemption
 18 certificate until the quantity of commingled property sold equals the quantity of
 19 property originally purchased under the resale exemption certificate.

20 **Sec. 43.44.140. Liability for payment of tax.** (a) Liability for the payment of
 21 a tax imposed under this chapter is not extinguished until the taxes have been paid to
 22 the department.

23 (b) A seller is liable for the tax due under this chapter on all property sold and
 24 services provided in this state in accordance with this chapter and may be required to
 25 furnish adequate security as provided in AS 43.44.200 to ensure collection and
 26 payment of the taxes.

27 **Sec. 43.44.150. Method of accounting.** A person who has a seller's permit
 28 shall report and pay the tax due under this chapter using the same method of
 29 accounting that the person uses for federal tax purposes.

30 **Sec. 43.44.160. Returns: payment.** A seller responsible for collecting the
 31 sales tax due under AS 43.44.010(a) shall file a return on a form or in a format

1 prescribed by the department and pay the tax due monthly. The seller shall file the
 2 return and pay the tax on or before the last day of the month following the month for
 3 which the tax is due. A person responsible for a use tax under AS 43.44.010(b) that
 4 has not been collected shall file a return and pay the tax within one month of the tax
 5 becoming due.

6 **Sec. 43.44.170. Methods.** (a) The department shall adopt regulations providing
 7 a rounding method for payment of a tax imposed under this chapter.

8 (b) The department may use sampling principles or methods instead of
 9 examining 100 percent of records in conducting an audit of a return filed under
 10 AS 43.44.160.

11 **Sec. 43.44.180. Deduction for bad debts.** (a) A person filing a return under
 12 AS 43.44.160 may deduct sales found to be worthless. The bad debt may be deducted
 13 when it

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

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

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

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

26 **Sec. 43.44.190. Timely filing allowance.** (a) A person filing a return under
 27 AS 43.44.160 may claim an allowance in the amount of one percent of the tax or \$75 a
 28 month, whichever is less, if the return is timely filed and the tax is timely paid.

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

30 **Sec. 43.44.200. Security: limitations; sale of security deposit at auction;
 31 bond.** (a) The department may require a seller to deposit with the department security

1 in a form and amount that the department determines is appropriate. The deposit may
2 not be more than twice the estimated average tax liability under this chapter for the
3 period for which the return is required under AS 43.44.160 to be filed or \$10,000,
4 whichever is less. The department may increase or decrease the amount of security,
5 subject to the limitations provided in this section.

6 (b) The department may sell at public auction property deposited as security to
7 recover a tax amount required to be collected under this chapter, including interest and
8 penalties. Notice of the sale must be sent at least 30 days before the sale by certified
9 mail to the last known address of the person who deposited the security. After the sale,
10 any surplus above the amount due that is not required as security under this section
11 must be returned to the person who deposited the security.

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

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

19 **Sec. 43.44.210. Quitting business; liability of successor.** (a) Within 10 days
20 after a person quits business, sells, exchanges, or otherwise transfers the business, or
21 disposes of the complete stock of goods of the business, the person shall file a return
22 and pay the taxes due under this chapter.

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

28 (c) If a tax is due but has not been paid as provided in (a) of this section, the
29 successor is liable for the payment of the full amount of tax. The payment of the tax
30 by the successor is considered to be a payment on the sales price and, if the payment is
31 greater in amount than the sales price, the amount of the difference becomes a debt

1 due to the successor from the taxpayer owing the tax under (a) of this section.

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

7 (e) In this section, "predecessor" means a person that quits business, sells,
8 exchanges, or otherwise transfers the business, or disposes of the complete stock of
9 goods of the business.

10 **Sec. 43.44.220. Tax as debt.** (a) The tax imposed by this chapter and related
11 interest and penalties become a personal debt of a person required to file a return
12 under AS 43.44.160 or a person required by the department to personally guarantee
13 the payment of taxes under this chapter from the time the liability arises, regardless of
14 when the time for payment of the liability occurs.

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

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

24 **Article 4. General Provisions.**

25 **Sec. 43.44.230. Authority to enter Streamlined Sales and Use Tax**
26 **Agreement.** (a) The department shall enter into the Streamlined Sales and Use Tax
27 Agreement. To further the purposes of the Streamlined Sales and Use Tax Agreement,
28 the department may act jointly with other states that are members of the Streamlined
29 Sales and Use Tax Agreement to establish standards for certification of a certified
30 service provider and certified automated system and establish performance standards
31 for multistate sellers.

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

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

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

8 **Sec. 43.44.240. Electronic registration, filing, and forms.** (a) The
9 department may participate in any electronic sales and use tax registration system
10 made available in cooperation with other states through the Streamlined Sales and Use
11 Tax Agreement.

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

15 (c) The department may prescribe and provide for the use of forms,
16 certificates, permits, and other documents required under this chapter in electronic
17 format, including the use of electronic signatures and authentications, and for
18 electronic filing.

19 **Sec. 43.44.250. Municipal share.** The department shall separately account for
20 the revenue collected from the tax under this chapter that the department deposits in
21 the general fund. The legislature may appropriate half of the annual estimated balance
22 in the account to municipalities. A municipality may receive an appropriation under
23 this section if the municipality does not collect

24 (1) property taxes in excess of 10 mills; or

25 (2) an oil and gas production tax or gas pipeline property tax under
26 AS 29.45.080.

27 **Sec. 43.44.290. Definitions.** In this chapter,

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

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

31 (3) "lease" or "leasing," regardless of whether a transaction is

1 characterized as a lease or rental under generally accepted accounting principles, 26
 2 U.S.C. (Internal Revenue Code), AS 45.01 - AS 45.08, AS 45.12, AS 45.14, and
 3 AS 45.29 (Uniform Commercial Code), or other provisions of federal, state, or local
 4 law,

5 (A) means

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

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

13 (B) does not include

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

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

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

26 (4) "municipality" has the meaning given in AS 29.71.800;

27 (5) "sales price"

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

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

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

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

7 (iv) delivery charges;

8 (v) installation charges;

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

13 (B) does not include

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

17 (ii) interest, financing, and carrying charges from credit
18 extended on the sale of personal property or services if the amount is
19 separately stated on the invoice, bill of sale, or similar document given
20 to the purchaser; and

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

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

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

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

1 * **Sec. 4.** AS 44.64.030(a) is amended by adding a new paragraph to read:

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

3 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

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

9 (b) Services under a contract executed and paid in full before the effective date of sec.
10 3 of this Act and performed within 12 months after the effective date of sec. 3 of this Act are
11 exempt from the sales tax and use tax.

12 (c) A person may apply for, and the Department of Revenue may issue, a seller's
13 permit under AS 43.44.080 or a resale exemption certificate under AS 43.44.100 before the
14 effective date of sec. 3 of this Act to be effective on or after the effective date of sec. 3 of this
15 Act.

16 * **Sec. 6.** Section 5 of this Act takes effect immediately under AS 01.10.070(c).

17 * **Sec. 7.** Except as provided in sec. 6 of this Act, this Act takes effect January 1, 2025.